



ANALYTICS RESEARCH CORPORATION

# TRADING ANY MARKET IN ANY TIMEFRAME

Nonlinearity Made Easy  
The Kashyap Method

Featuring  
Hans Kashyap's  
Signature Event Theory

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## **IMPORTANT!!! READ THIS FIRST!**

### **LEARNING MATERIALS:**

Please note that the Main Learning Materials are in the:

- 1) **Signature Event Theory Paper**
- 2) **Examples**

And that the Video is not the main learning tool. The first part in the video shows WHY every market MUST place tops and bottoms in one of only TWO WAYS, derived from looking at PRICES as an oscillating entity, and using Hans Kashyap's Simple Nonlinear Tools. The second half of the video is for those of you who either are following our FAX Reports or our Online Reports and want to know how to use ALL of the information in the Movements.

SO IF YOU LOOK AT THE VIDEO FIRST THINKING THAT IT WILL COVER THE SIGNATURE EVENT THEORY AND EXAMPLES, YOU WILL NOT FIND THEM THERE. THE MAIN LEARNING MATERIALS ARE IN THE SIGNATURE EVENT THEORY PAPER, AND THE EXAMPLES, AND THESE EXAMPLES SHOW HOW THE TURNS CAN BE TRADED, THESE EXAMPLES HAVE A GREATER EFFICACY THAN MOST \$5,000 SYSTEMS SOLD BY OTHERS!!

THE LAST PAGE OF THE SIGNATURE EVENT THEORY PAPER DESCRIBES HOW TO APPLY IT TO THE MARKETS, DO NOT LET THE BREVITY OF IT PUT YOU OFF. IF YOU PUT EVEN ONE ITEM DISCUSSED INTO STEADY PRACTICE, YOU WILL BE SURPRISED TO FIND HOW WELL IT WORKS. BUT IT TAKES YOUR COMMITMENT. IN ORDER TO KNOW WHAT THE MARKET IS DOING AT ANY TIME AND IN ANY TIMEFRAME, ONE HAS TO PUT IN THE EFFORT AND APPLY THE TOOLS.

THE FIRST PART OF THE VIDEO IS IMPORTANT FROM THE CONCEPTUAL STANDPOINT OF WHY THINGS MUST UNFOLD THIS WAY, AND HOW MUCH INFORMATION IS AVAILABLE TO US WHEN WE VIEW THE MARKETS AS AN OSCILLATING ENTITY. AND HOW AND WHY ANY TURN MUST UNFOLD IN ONE OF TWO PATTERNS DERIVED.

IF YOU ALREADY KNOW WHAT THE MARKET MUST DO IN ORDER TO TURN, YOU ARE FOREARMED , AND CAN ANTICIPATE THE MOVES AND TREND CHANGES WITH GREATER RELIABILITY BY WATCHING THE PRICE ACTION ITSELF, INSTEAD OF OSCILLATORS, MOVING AVERAGES, ETC.



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***Congratulations*** for wanting to learn more about Hans Kashyap's theories about the markets and how Nonlinearity can be made simple and easy to understand, AND use in the markets.

You've seen the uncanny accuracy of his forecasts on a daily basis, and these materials shed some light on the Conceptual Underpinnings of his approach to the markets. In fact, his nonlinear approach and the derivation is simple yet compelling, and if you follow closely, you'll find the REAL derivation of almost all of conventional technical analysis, and this approach shows you exactly why things MUST work this way.

The Video is of Mr. Kashyap taken LIVE by Dow Jones Telerate—Mr. Kashyap was invited to speak at the Dow Jones Sponsored "Markets In Motion" seminar, and is the best introduction to our approach, and it gives specific examples of our Movements, and how much information is there in the forecasts, PREDETERMINED, how accurate it has been, in ANY TIMEFRAME, and how you can use it.

Note that even though the examples given in the Video pertain to Currencies, the Movements as they are given and concepts discussed apply EQUALLY and IDENTICALLY to the S&P, BONDS, COMMODITIES, and EQUITIES. All the market's we cover. So do not be put off or thrown off by the Forex Currency examples. How is this possible that the concepts apply equally? Are not all these market's different in nature, responding to different fundamental factors? Yes, the market's are different, but OUR APPROACH gets to the HEART of the matter, down to the Quantum Level of LIFE, if we look at the building blocks of life itself, and see their true nature, everything up from it, which is all composed of these building blocks and have their nature, and this includes prices, MUST behave similarly.

So a cogent, logical and consistent framework can be developed that applies UNIVERSALLY. It's like people, on the surface, there may appear to be myriads of differences, but in Reality, if you look deeper and get to know them better, man's (and woman's) underlying nature is similar.

There is a hard copy of the presentation that you can mark up as you're watching the Video.



The Signature Event Theory paper presented by Mr. Kashyap also presents a milestone in New Thinking about forecasting. In fact, all concepts discussed in both the Video and Paper are equally applicable to the markets AND ANY OTHER THEME IN LIFE. The Signature Event Theory paper encourages a logical, common sense view of looking at non-causal forecasting, from a unique angle, with provocative and mind inspiring examples.

The section on Examples is given to show how nonlinearity as we define it is manifested in the markets real time, how you can learn to recognize it, at a glance, and how you can use it to initiate trades, where to place stops, and where are the failure points.

After you have viewed and read these materials, if you want even more detailed information that goes further in specific applications to the markets, you may wish to order the Video and Manual of Mr. Kashyap's Complete Seminar – ***"Trading Any Market in Any Timeframe – Nonlinearity Made Easy: The Kashyap Method"***. This was held in 1994 and was attended by traders from around the world. The cost for the video and manual is \$3,500.

If you have any questions, please call Joanne or Claudia at 301-986-4699.



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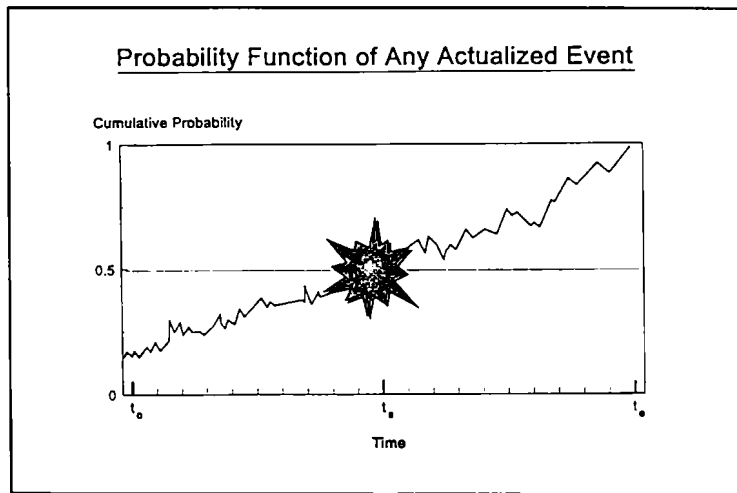
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# NEW CONCEPTS IN NON-CAUSAL FORECASTING: SIGNATURE EVENT THEORY

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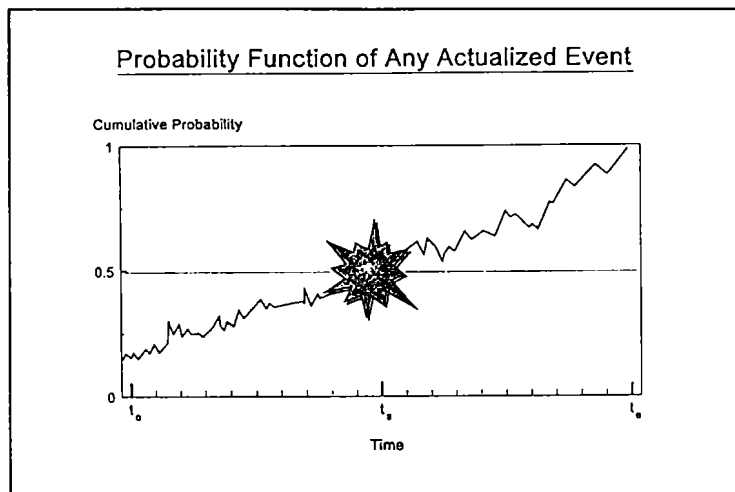
May 2, 1994



# NEW CONCEPTS IN NON-CAUSAL FORECASTING: SIGNATURE EVENT THEORY

Hans Kashyap  
Analytics Research Corporation

May 2, 1994



The material is presented as follows: First the paper that was presented at the International Conference on Modelling and Simulation, Pittsburgh, May 2-4, 1994 is given. Following this is the viewgraph presentation with annotated comments. There is more detailed information in the viewgraph presentation--it expands on the information given in the paper.

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## INTRODUCTION

The following paper and viewgraph presentation contains information and concepts that are in "concentrated" form. To get the full realization of these concepts, this information must be read and studied slowly, letting each incremental concept sink in, and letting your mind explore the direct ramifications of each concept. It may be a good idea to put the material down and pause, and ponder over the concept. It is not meant for quick breezethrough reading, as you'll probably miss most of the essence.

Do not be in a hurry to apply the concepts to the markets at first, while assimilating the concepts. In fact, it is easier and probably better at first to apply it in abstract themes, in line with the examples given herein--especially given in detail is the example of the 1993 Wimbledon Ladies Final between Steffi Graf and Jana Novatnova, and how to have used Signature Event Theory to spot the changes in trends in real-time in their match, with analogies to trading the market real-time, in this case with number of games won being the measure of success. Attempt to absorb the bigger Theory and its applications first.

You'll find that the underlying concept is something that many of you have been subjectively doing already, on various different levels, in life and the markets. This Theory formalizes the framework from subjective to objective, and further expands the framework to incorporate why future events must provide their precursors in the present, and how they will unfold, and how, in a non-linear, curvilinear fashion, the path of the events and entities will unfold.

One of the main precepts is the fact that anything, abstract themes as well, unfold in a non-linear fashion--that is a zig-zag fashion. Ultimately everything moves in this framework (unless its at Absolute Zero)--the foundations of matter and reality are based upon this, and now the foundations of artificial and virtual reality are also based upon this (here I refer to computers--their root is the simple "0" and "1", and it is the **fluctuations** between the zero and ones that allow supercomputers to exist to solve complex problems, et al.) So, Movement, non-linear movement, between two absorbing states underlies most all phenomena we see, and the markets are no exception. Remember, you cannot make and accept a sweeping statement such as the above, that all phenomena is under the influence of this nonlinearity, but choose to exclude the markets, that somehow the markets are different. They are not. Remember, we're considering the core nature of things. Not, by comparison, the superficial reasons as to what causes things to fluctuate at our perception

level of reality. The invisible infrastructure that I frequently discuss in the daily fax reports exists at the core nature, just beyond the normal perception level.

Consider that the projects you pursue, ideas that you attempt to implement, things that you attempt to do, all unfold in this non-linear fashion--first there is progress towards the objective, then a setback that delays matters, both in time and mission, and if this setback is dealt with constructively, then there is another thrust towards the objective, and so on. You'll find this Movement quite evident in every abstract theme at any level, even to the extent that inanimate objects are under the same Movement. This Movement underlies Reality, all of it. Observation and careful consideration will convince you of this. [Even emotions unfold along this Movement, happiness and anger, etc. if you observe closely.] Do not be too hasty to dismiss this. Investigate with an open mind, and convince yourself.

Then, consider that this Movement occurs at many different levels of Time--actually multiple Movements are unfolding but at differing timeframes. Take emotions--assuming that you're in a good mood and having a good time at a party, (Major Movement in this Theme is UP), then someone spills a drink on you, does not bathe you but you get enough drops to show--this results in you're taking the next few minutes a) being slightly upset but not letting it show, b) going to the bathroom to wash/blot out the stain before it gets worse, and c) generally worrying a little about how you look now with this spill, hoping it will evaporate soon, etc. In this timeframe, you're emotional Movement turned Down within the Larger UP, and for the time that you we're worrying about that spill you were in that DN Mvmt, but soon you find that there is no stain and the evaporation is complete, so you're back to having a good time again--the Major UP Movement regains the Main Control. Now, note that in this example, even the Small DN Movement that began once the drink was spilled unfolded in a zig-zag fashion--you're emotions first went--"Oh No!" (down), then, "Well, maybe it does not show, it may not be that bad" (up), then you find out it was grape juice "Oh NO!" (further down), then you find out the host has K2R Instant Stain Remover, "Oh Good! No permanent stain" (up). And so on, as you're mood comes back in line to the good side. You get the idea. This represents the Nested Concept of Multiple Movements occurring Concurrently. The Small DN Movement did NOT negate the Main UP Movement, but it did hold sway for a while, but was resolved, and the Main UP Movement regained control--it was still operative in the backdrop of its timeframe, but had relinquished control to the Small DN Mvmt, the lifetime and timeframe of which was much smaller.

Now if the spill completely drenched you with Red Dye No. 2, it is likely that you would not be able to recapture your good mood and the Main UP Movement would turn Down.

Think about this concept using abstract themes, like the examples given above. Once you're clear about this and can actually spot this happening in the world and people around you, it is then easier to spot it in hard data streams, like the markets.

# **NEW CONCEPTS IN NON-CAUSAL FORECASTING: SIGNATURE EVENT THEORY**

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## **ABSTRACT**

A new perspective on the analysis of time-series data is presented, leading towards the development of non-linear forecasts that predefine the local maxima and minima expected within the context of the data stream's existing timeframe. The conceptual basis provides a framework for determining if the data series is in the process of creating a maxima or minima (turning point), and what the sequential, resulting behavior should be in a non-linear, bounded solution. Any deviation from this bounded solution indicates a significant perturbation that has forecasting value. The concept is fractal in nature, and for data series that can be partitioned into many timeframes, a non-linear, unique, bounded forecast for each can be developed and integrated. Application to hard data streams as well as abstract themes is discussed.

## **KEY WORDS**

Non-causal    Forecasting,    Analysis,  
Modeling

## **INTRODUCTION**

The basis of any forecasting model is the assumption that the actual value observed will be determined by some pattern plus some random influences. [1] This is expressed algebraically as the following:

$$\text{Actual} = \text{Pattern} + \text{Randomness}$$

The randomness, called residuals or error elements, are what cause the data stream to deviate from its past patterns, evolving into a new pattern. Once in a new pattern, the "residuals" actually have relevance, and are no longer considered as residuals, but become part of the new pattern.

Then when the data series is ready to deviate from its "then-current steady-state pattern", the residuals will again be the place where this deviation will be first cognizant.

The implications of this are clear: the information that we require regarding an anticipatory movement in the data stream lies imbedded in the

current residuals. But a new framework for analyzing these is necessary.

Forecasting can be grouped into two areas: Causal and Non-Causal. Causal forecasting concerns the development of a cause-effect relationship between the dependant variable (which is the variable to be forecasted), and a host of other independent variables that should impact upon the dependant variable. Examples of this are econometric analysis and regression analysis. Much of the effort is expended upon securing data for independent variables, of which there may be hundreds. Problems associated with Causal forecasting are its labor intensiveness, that the relationships between the independent and dependant variables tend to change over time, so continual reoptimization is required, and most importantly, this type of forecasting frequently misses the turning points of the future.

Non-causal forecasting deals with inspecting the variable to be forecasted directly, typical approaches are time series analysis, and Fourier transforms. Problems with conventional non-causal forecasting is one of accuracy, while past data correlation coefficient may be high, forecasts could be significantly off. Further, non-causal forecasting suffers from appearing illogical and counterintuitive--how can looking at the data stream itself be of any value.

A new perspective in non-causal forecasting will be explored to explain and forecast stochastic processes--events and themes that manifest over time in a non-linear, curvilinear fashion,

and a rationale as to why non-causal forecasting makes sense too.

## **THOUGHT EXPERIMENT**

Consider the variable to be forecasted to be an entity--a person to be interviewed for a job. Within this context, the employer using causal methods will undertake to gather data on the parents of the person, the spouse, relatives, friends, teachers & professors, places where the person lived, etc, essentially focusing on all the people, places and things that may have had an impact on that person, but would spend little or no time talking with the person or interviewee itself (!). That is, causal forecasting relies on spending almost all of its time on secondary items that serve as a proxy for the entity. Ask any employer if they would hire someone without interviewing and speaking to a prospective employee, relying instead on proxy information, and they would view it as illogical. The employer using non-causal methods will first and foremost interview and speak with the person and gather as much data as possible DIRECTLY from the individual. This would be viewed as much more logical and essential--an interesting and revealing reversal of perception of these forecasting methods by a simple thought experiment.

## **SIGNATURE EVENT THEORY**

If viewed as an entity, the variable to be forecasted must be looked at directly first and foremost, with an analysis of its past characteristics and current behavior being critical to the forming of some perspective of its future. This defines the variable's Normative Character

Space (NCS, for abstract themes) or Normative Trend Space (NTS, for hard data), with respect to a specific timeframe  $t$ . This can be expressed as the following:

$NCS(t) = f(\text{characteristics, nature, habits, actions, education, tendencies, etc.})$

$NTS(t) = f(\text{variability/time, extremes/time, velocity, std dev, periodicity, residuals, etc.})$

These define the entity's normal character space and trend space which serve to provide an essential baseline from which perturbations in this event space can be analyzed.

Signature Event Theory's root hypothesis is that future events foreshadow their event probabilities subtly but definitively upon the entity's current Normative Character Space or Normative Trend Space. Said another way, the clues to the entity's future path is given by what the entity is doing now--in its NCS/NTS and its perturbations.

Thought Experiments. Two thought experiments to show why the rationale of this root hypothesis makes sense. First, consider what happens when one watches a murder mystery. The clues, pertinent and nonpertinent, abound regarding "who done it" until the final scene when the culprit is revealed and the relevant clues that would have led one to the right forecast. The first relevant clue, the one that would have given the FIRST INKLING regarding the outcome, occurred in the "present", but most overlook it as it may be shrouded with other pieces of information having no

forecasting value. But the fact that clues leading to the future outcomes were available to us in the present is important to note within this framework. This means that the clues to the future outcome of any theme are occurring within that theme, in the present, and if we can identify them as they transpire, then we have the very first indication that the event probabilities are shifting to a future state different from expectations.

Second thought experiment to show why future events must cast their event probabilities in the present, in the NCS/NTS. Visualize the graph of the cumulative probability function of any actualized future event. The x-axis is time, with origin being some time  $t(o)$  in the distant past, and  $t(e)$  being when the future event actually happens. The y-axis is the cumulative probability, scale being 0--100 %. Consider at some time in its past  $t(o)$ , the cumulative probability of the event happening may not be very high, perhaps not quite zero, but close to zero. Then, looking ahead on the timeline, when the event actually occurs at  $t(e)$ , the cumulative probability is 1 (this MUST be so, since the event has occurred). Now, between these two events,  $t(o)$  and  $t(e)$ , the cumulative probability function MUST cross from under 50% to over 50% at some time  $t(s)$ .

That means, at  $t(s)$ , it has become more probable that the event will occur, versus that it will not. Still does not mean the event MUST occur, simply that the probabilities have shifted to above 50%, making it more probable that the event should occur.

This, at  $t(s)$ , when the cumulative probability crossed from

under 50% to over 50%, is where the FIRST CLUE lies that the entity may be deviating from its normative path. And, at  $t(s)$ , this shifting of the probabilities will result in a subtle but definitive variation in the entity's NCS/NTS.

## **SIGNATURE EVENT CHARACTERISTICS**

Signature event characteristics can be many and will vary depending upon the entity and theme, but the key characteristics are as follows: 1) Subtle but definite change from normative behavior of entity within current trend space, and 2) A non-linear expansion of NCS/NTS (expansion, then contraction back towards Normative mode, and then more significant expansion).

There are two types of Signature Events: Type I is where the probabilities for the event shift above 50% and stay there; Type II is where the probabilities shift above 50% but then fall back under 50%.

Since the resulting behavior of the NCS/NTS is non-linear, non-linear mathematics can be used to describe this behavior. Taking hard data examples, once the NTS of the variable or stochastic process is defined, the data stream must be monitored for perturbations that take the variable outside its NTS. This Signature Event sets up a deterministic, non-linear flow that predefine the variable's next local maxima and minima, depending upon the characteristics of the perturbation on the NTS. The flow creates a new NTS which becomes the steady-state, normative event space, and the new bounded solution for that timeframe.

Note that multiple flows can exist concurrently within the same variable or entity but on different timeframes. Each though can be segmented and defined within this framework, and the differing flows integrated to form the final, more complex non-linear forecast.

In applying this concept to the S&P 500 index over a five-year sample size from 1989-1993, yielded favorable results, with correlation in the high 90 percent level and forecasting accuracy of over 85%. Forecasting accuracy was measured as the percentage of times the S&P 500 followed the non-linear forecast, meeting the local maxima and creating a swing high there, and meeting the local minima and creating a swing low there.

## **CONCLUSION**

This concept can be applied to most any business activity--especially manufacturing, reliability and maintainability, marketing, sales forecasting; and can be used to analyze demographic data, economic data, energy data, stocks, fixed income, currencies, futures, etc. with great advantage. It is also applicable to abstract themes--in professional sports, this concept can clearly define what team has the momentum, exactly when it is shifting to the other side, and exactly how the coach can spot it changing and steps to take to retrieve it. Shifts in major and minor trends, political doctrines, et al, most any abstract theme within a well defined timeframe can be analyzed by this concept.

## **REFERENCES**

[1] Wheelwright, Steven C. and Markridakis, Spyros, Forecasting Methods for Management, John Wiley and Sons Inc., New York, 1980

## TYPES OF FORECASTING

### ■ CAUSAL

- DEVELOPS CAUSE--EFFECT RELATIONSHIP
- VARIABLE TO BE FORECASTED IS NOT ANALYZED DIRECTLY (DEPENDENT VAR)  
DATA IS GATHERED FOR OTHER VARIABLES (INDEPENDENT VARS)  
THAT MODELER BELIEVES WILL IMPACT UPON DEPENDENT VAR
- EXAMPLES: ECONOMETRIC AND REGRESSION ANALYSIS, FUNDAMENTAL ANALYSIS
- MOST POPULAR FORM OF FORECASTING IN ACADEMIA AND INDUSTRY  
DUE TO LOGICAL "IPSO-FACTO" STYLE THAT THE MIND OF MAN LIKES
- **PROBLEMS:** LINEAR FORECASTS (MISSES TURNING POINTS)  
RELATIONSHIPS TEND TO CHANGE OVER TIME (CONTINUAL REOPTIMIZATION)





## TYPES OF FORECASTING, CONTD

### ■ NON-CAUSAL

- HERE THE DATA SERIES TO BE FORECASTED IS INSPECTED
- TYPICAL APPROACH IS TIME-SERIES ANALYSIS, FOURIER TRANSFORMS, TECHNICAL ANALYSIS CYCLICAL CHARACTERISTICS ARE SOUGHT AND RESIDUALS ARE ISOLATED
- **PROBLEMS:** PAST DATA CORRELATION COEFFICIENT HIGH, BUT FORECAST COULD BE SIGNIFICANTLY OFF
- ACADEMIA AND INDUSTRY HAVE BUILT-IN BIAS AGAINST THIS TYPE OF FORECASTING-- THEY VIEW IT AS ILLOGICAL--FOR EXAMPLE, IF EARNINGS ARE TO BE FORECASTED, IT MAKES SENSE TO LOOK AT REVENUES, COSTS, MARKET SHARE ETC. (CAUSAL BASIS), SO HOW COULD LOOKING AT EARNINGS OVER TIME BE OF ANY VALUE?

## WHY NON-CAUSAL FORECASTING MAKES SENSE TOO (PERHAPS JUST AS MUCH OR MORE THAN CAUSAL!)

- **THOUGHT EXPERIMENT:** ANALOGY--VIEW THE VARIABLE TO BE FORECASTED AS AN ENTITY

THE FOLLOWING SHOW SOME FACTORS CONSIDERED BY EACH METHOD FOR AN ENTITY

ENTITY	CAUSAL	NON-CAUSAL
INTERVIEWEE (PROSPECTIVE EMPLOYEE)	FRIENDS OF PARENT OF RELATIVES OF DOG/CAT OF TEACHERS OF BIRTH TOWN PLACE OF RESIDENCE COLLEGE DEGREES (NOT INTERVIEWEE)	INTERVIEWEE OTHER INFO THAT IS NOT HEARSAY (DEGREES, ETC.)

CAUSAL FORECASTING RELIES ON SPENDING ALMOST ALL OF ITS TIME SECONDARY ITEMS THAT SERVE AS A PROXY FOR THE ENTITY--SO INSTEAD OF LOOKING AT THE INTERVIEWEE, THEY LOOK AT THE CHARACTERISTICS OF EVERYONE THAT MAY HAVE AN IMPACT ON HIM. (EG,2, ALL THE WORK GOES INTO FORECASTING EARNINGS ON WALL STREET, BECAUSE THEY BELIEVE EARNINGS ARE A GOOD PROXY FOR STOCK PRICE, BUT SUPPLY AND DEMAND ARE NOT MET IN EARNINGS, BUT IN PRICE, AND, FOR THAT MATTER, CAN YOU TRADE EARNINGS? WHAT IF EARNINGS WERE BETTER THAN EXPECTED BUT THE STOCK PRICE PLUMMETED? (CASE: INTEL, APRIL 1993, FELL FROM \$120 TO \$86, AFTER POSTING DOUBLE EXPECTED EARNINGS!)



## WHY NON-CAUSAL FORECASTING MAKES SENSE TOO CONTD

- PART OF A COMPLETE DECISION PROCESS REQUIRES INCLUSION OF AN ANALYSIS OF THE ENTITY (YOU WOULD NOT HIRE ANYONE WITHOUT SPEAKING WITH HIM/HER--IN FACT, THE BULK OF THE DECISION WOULD BE BASED UPON THE INTERFACE AND INTERVIEW, WITH OTHER FACTORS BEING SECONDARY).
- SCRUTINY OF THE ENTITY ABSOLUTELY ESSENTIAL
  - PAST CHARACTERISTICS
  - NATURE
  - TENDENCIES AND HABITS
  - PAST ACTIONS UNDER SAME & DIFFERENT CIRCUMSTANCES
- THESE DEFINE THE ENTITY'S MAIN NORMAL "TREND" , THEME OR CHARACTER
- TO KNOW WHAT THE ENTITY WILL DO NEXT, IT IS IMPORTANT TO RECOGNIZE THIS--THE ENTITY'S TREND, THEME OR CHARACTER



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## NON-CAUSAL FORECASTING: SIGNATURE EVENT THEORY

- SIGNATURE EVENT THEORY FORECASTS PROBABLE EVENTS AND CHANGES IN TRENDS FOR ANY ENTITY

- FUTURES
- STOCKS
- FOOTBALL GAMES
- TENNIS MATCHES
- POLITICAL DOCTRINES
- HUMAN BEINGS
- ALMOST ANY THEME

EXAMPLES OF ABOVE TO FOLLOW

- **ROOT ASSUMPTION:** FUTURE EVENTS FORESHADOW THEIR EVENT PROBABILITIES SUBTLY BUT DEFINITELY UPON THE ENTITY'S CURRENT CHARACTER OR TREND SPACE.

SAID ANOTHER WAY, THE CLUES TO THE ENTITY'S FUTURE PATH IS GIVEN BY WHAT THE ENTITY IS DOING NOW--IN ITS CHARACTER OR TREND SPACE.

- FIRST, A RATIONALE AS TO WHY THIS ROOT ASSUMPTION MAKES SENSE

- THOUGHT EXPERIMENT:
  1. MURDER MYSTERY MOVIE
  2. FUTURES: STRONG RALLY FROM A DOWNTREND



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## NOTES

### Thought Experiment:

### Murder Mystery Movie

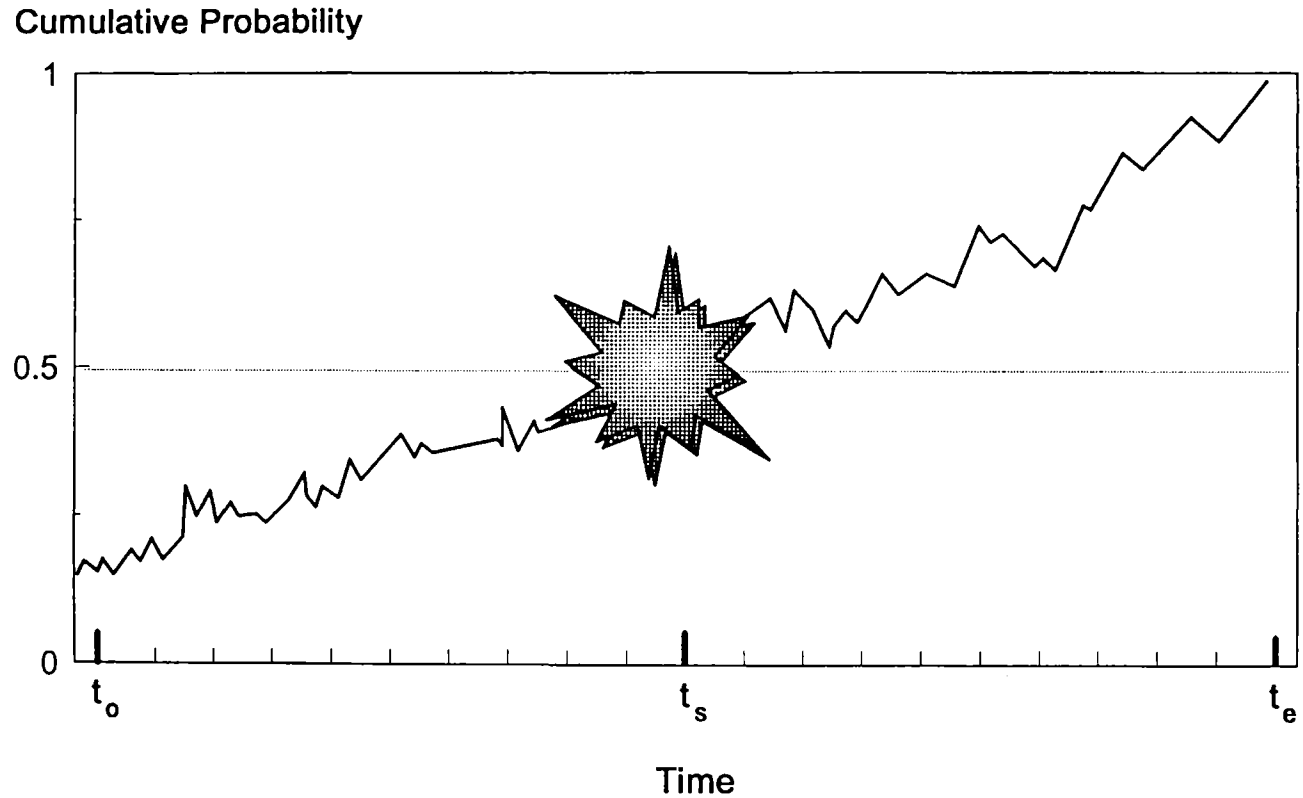
Consider what happens when one watches a murder mystery movie. The perspective of the viewer is outside the time bandwidth of the characters portrayed. Having such a perspective, one can easily construct a timeline of the events that transpire in the movie.

Now, when one is watching the movie, clues, pertinent and non-pertinent, abound regarding "who done it", until the final event at the end of the movie when it is revealed who was the culprit, AND what were the RELEVANT CLUES that led one to that conclusion.

Thus, looking at the events of the movie in a timeline, the first relevant clue was somewhere in the "present", and this was the first "inkling" that one would have regarding the outcome, IF ONE WERE LOOKING FOR IT. It is easily to spot after the movie is over, then one can pinpoint to it with ease, but while it is happening, it is more difficult. NEVERTHELESS, it exists.

And the fact that it exists is extremely important to the conceptual framework. What this means is that the clues to the future outcome of any theme are occurring within that theme, in the present, and if we can identify them AS THEY TRANSPIRE, then we have the very first indication that the probabilities may be ready to shift to a future outcome different from past expectations.

# Probability Function of Any Actualized Event



## NOTES

### **Probability Function of Any Actualized Event: Cornerstone of Why Future Events Must Cast Their Event Probabilities Upon the Present Normative Trend Space**

This graph shows the timeline for any actualized event (any event that has happened). It is simple and logical. It serves to illustrate WHY any future event MUST cast its event probabilities (ie, clues) in the present.

Some time in its past  $t(o)$ , the cumulative probability of the event happening may not be very high, perhaps not quite zero, but close to zero. Then, looking ahead on the timeline, when the event actually occurs at  $t(e)$ , the cumulative probability is 1 (this MUST be so, since the event has occurred). Now, between these two events,  $t(o)$  and  $t(e)$ , the cumulative probability function MUST cross from under 50% to over 50% at some time  $t(s)$ .

That means, at  $t(s)$ , it has become more probable that the event will occur, versus that it will not. Still does not mean the event MUST occur, simply that the probabilities have shifted to above 50%, making it more probable that the event should occur.

This, at  $t(s)$ , when the cumulative probability crosses from under 50% to over 50%, is where the FIRST CLUE lies that the entity may be deviating from its normative path. And, at  $t(s)$ , this shifting of the probabilities will result in a subtle but definitive variation in the entity's normative character/behavior space.

## SIGNATURE EVENT CHARACTERISTICS

SIGNATURE EVENT CHARACTERISTICS CAN BE MANY AND WILL VARY DEPENDING UPON THE ENTITY AND THEME, BUT THE KEY CHARACTERISTICS ARE AS FOLLOWS:

- SUBTLE BUT DEFINITE CHANGE FROM NORMATIVE BEHAVIOR OF ENTITY WITHIN CURRENT TREND SPACE
- SUBTLE BUT DEFINITE CHANGE FROM NORMATIVE EXPECTATIONS OF ENTITY (USEFUL IN FORECASTING ABSTRACT THEMES)
- FORECASTED EVENT WILL TRANSPIRE IN NON-LINEAR FASHION--EXPECT RETURN TOWARDS NORMATIVE BEHAVIOR/EXPECTATIONS FIRST, THEN MORE SIGNIFICANT CHANGE

TWO TYPES OF SIGNATURE EVENTS:

TYPE I --	PROBABILITIES FOR THE EVENT > 50% AND STAY ABOVE 50%
TYPE II --	PROBABILITIES FOR THE EVENT > 50% BUT FALL BACK UNDER 50%



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## SIGNATURE EVENT EXAMPLES

WITH ANALOGIES TO WATCHING AND TRADING THE MARKET REAL TIME

■ TENNIS MATCH: WIMBLEDON 1993 LADIES FINAL: STEFFI GRAF VS JANA NOVATNOVA

1ST SET: NORMATIVE THEME: GRAF HAS EDGE, JANA PLAYING HER BEST BUT STILL JUST EVEN WITH GRAF. (TRADING RANGE, LOOKING TO BUY GRAF)

4-3 GRAF 15-40 JANA

TYPE I SIGNATURE EVENT AGAINST GRAF  
JANA'S BALL ON LINE, CALLED IN. GRAF STRONGLY BELIEVES OUT.  
NORMALLY UNFLAPPABLE GRAF GIVES UNCHARACTERISTIC OUTBURST,  
CLEARLY STEWS.

FORECAST: JANA SHOULD PULL OUT GAME AND MAKE STRONG BID FOR SET.  
(HOLD OFF BUYING GRAF, START CONSIDERING JANA)

4-4 JANA PULLS OUT GAME, INSTEAD OF GOING DOWN 3-5.  
1ST SET GOES TO TIEBREAKER. NEAR END OF TIEBRAKER:

TYPE 1 SIGNATURE EVENT FOR JANA. JANA GETS TO UNREACHABLE SHOT,  
AND HITS WINNER FOR THE POINT. SUBSTANTIVE MOVE OUTSIDE  
NORMATIVE SPACE FOR JANA. (BREAKOUT OF TRADING RANGE--BUY JANA  
AT BEGINNING OF SECOND SET)

FORECAST: JANA SHOULD WIN 2ND SET EASILY, QUITE POSSIBLY THE THIRD  
SET TOO. MAIN FORECAST IS JANA SHOULD ACCUMULATE MANY MORE  
GAMES NOW THAN STEFFI.



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## NOTES

This example deals with the 1993 Wimbledon Ladies Final between Steffi Graf and Jana Novatnova. Analogies are made with respect to trading the markets real-time, more like Daytrading. The criterion of measuring success is the number of games, not sets.

The score is very important to this theme--it helps define the Normative Character Space, and helps identify the Signature Events, and the resulting forecasts. As an aside, these forecasts were made real-time last year as the match unfolded. If you can get a videotape of the match, you can experience the flow unfolding just like real-time. You'll note how the commentators seemed baffled at the constant shifts in momentum right upto end. But with our Theory in mind, you could have spotted these shifts and the implications they would have ahead of time.

## **SIGNATURE EVENT EXAMPLES: WIMBLEDON LADIES FINAL**

**2ND SET: JANA BREEZED TO 5-0 LEAD, WON 6-1, BUT AT 5-0:**

TYPE II SIGNATURE EVENT FOR JANA. JANA UNCHARACTERISTICALLY DOES NOT EVEN MOVE TO RETURN SERVE, GIVES STEFFI TWO POINTS AND GAME FOR 5-1. JANA HOLDS SERVE TO WIN 6-1. **(FIRST SIGN OF WEAKNESS, RAISE STOPS ON JANA LONGS, BE CAUTIOUS AND ALERT NOW TO SELL OUT AND GO SHORT JANA, LONG STEFFI, ON NEXT TYPE I SIGNATURE EVENT)**

**3RD SET: JANA OUT TO 4-1 LEAD. 30-15 JANA**

TYPE I SIGNATURE EVENT AGAINST JANA. JANA MISSES AN EASY OVERHEAD SMASH AT NET BY WIDE MARGIN, BALL HITS STADIUM WALL, NOT EVEN ON COURT. SUBSTANTIAL MOVE OUTSIDE CURRENT NORMATIVE BEHAVIOR. **(TRADING RANGE. CONSIDER LIQUIDATING JANA LONGS FOR 10-2 GAMES PROFIT, CONSIDER LONG STEFFI ON BREAKOUT OF NEW TRADING RANGE)**

**FORECAST:** 3RD SET SHOULD BE A BATTLE NOW, GRAF SHOULD START GAINING.



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## SIGNATURE EVENT EXAMPLES: WIMBLEDON LADIES FINAL

**3RD SET: JANA 4-1. 30-40 JANA**

TYPE I SIGNATURE EVENT AGAINST JANA. JANA DOUBLE FAULTS ON GAME POINT TO 4-2. LOOKS VISIBLY TIRED AND NERVOUS. TWO SIGNATURE EVENTS IN SAME GAME--WAS AHEAD IN GAME 30-15 AND LOSES IT.  
**(BREAKOUT OF TRADING RANGE FOR STEFFI. GO LONG STEFFI/SHORT JANA)**

**FORECAST:** STEFFI SHOULD GAIN ON JANA AND PROBABLY WIN SET AND MATCH.

STEFFI COMES BACK FROM 2-4 TO WIN 4-0 STRAIGHT GAMES AND SET 6-4.  
**(LIQUIDATE STEFFI LONGS ON CLOSE FOR 4-0 PROFIT)**

### OTHER EXAMPLES

- FOOTBALL GAME -- DEFINING THE ELUSIVE "BIG MO" MOMENTUM SHIFT VIA THE "BIG PLAY"
- THE FALL OF COMMUNISM: SIGNATURE EVENT QUOTE FROM 1ST THATCHER--GORBACHEV MEETING



## NOTES

### Other Examples

**Football Games:** Shifts in Momentum can be clearly seen to occur when one team expands its Normative Character Space by means "big play". Note that the specific play must be "outside" of the team's normal character. So, a team that has a reputation for being conservative, if that team goes for it on fourth down, AND makes it--that becomes a Type 1 Signature Event (if it did not make it, then it was a Type II Signature Event). But a normally aggressive team that habitually will try now and then to go for it on fourth down will not create a true expansion of its NCS. It must do something even more aggressive by comparison, perhaps an onside kick right at the beginning of the game, etc, to create a Signature Event.

**Fall of Communism:** One of the more interesting applications is looking a Major World Themes. If you recall when Gorbachev came to power, it was the time of the Evil Empire, USSR was universally known for its oppressive regime, and Gorbachev came from the KGB, the USSR's secret police, the most oppressive arm of the oppressive regime. So, even the thought of him contemplating any changes to the regime at the time of his ascendancy were met with incredulity. However, a Signature Event occurred shortly after he assumed control that made such a forecast possible, that Gorbachev had intentions of changing things. The Signature Event occurred right out in the open on the World Stage, but most summarily dismissed it.

One of the first things Gorbachev did was to visit Margaret Thatcher, Prime Minister of England. They had a meeting at 10 Downing Street, and upon the completion of it, Mrs. Thatcher said something while speaking to reporters that definitely impacted upon what our perception of the NCS was of Gorbachev and Communism. She said, "This is a person I can do business with!" Well, here consider you have the NCS of Mrs Thatcher, the bastion of Capitalism, and avowed anti-Communist, saying SHE can do business with Gorbachev!?! Something's UP. Either Mrs. Thatcher's softening and converting over (her NCS moving in a new direction) OR Gorbachev's NCS is different, and is non-linearly expanding in the direction of free-enterprise. It is unlikely that Thatcher is changing, so it MUST be Gorbachev. Subsequent Gorbachev actions validated this. And more Signature Events transpired to indicate Gorbachev was really earnest in continuing the freedoms in his country.

## SIGNATURE EVENT THEORY APPLIED TO THE MARKETS

- SELECT TIMEFRAME OF NORMATIVE BEHAVIOR
- EXAMINE PRICE ACTION CHARACTERISTICS
- IDENTIFY SIGNATURE EVENT THEMES
- APPLY NON-LINEARITY TO FORECAST



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## NOTES

First select the entity you wish to forecast--stock, market index, futures, commodity cash price, et al.

Then consider the timeframe that you want to inspect the entity in.

Then characterize the all the traits of that entity--each trait will provide information with regard to the future of that entity. In the case of the markets, some of the characteristics you may wish to consider to form the Normative Trend Space are:

- Rate of Change
- Price Change in Rallies
- Price Change in Reactions
- Time Taken in Rallies
- Time Taken in Reactions
- Previous Significant Highs
- Previous Significant Lows
- Volatility--Current
- Volatility--Past

Any one of these can provide indications of what the market is upto if taken by itself too. For example, Take Time Taken in Reactions. Measure the Time each reaction has taken within the Operative Timeframe you are looking at. The first time the stock, market, futures, whatever, spends more Time Reacting than it has before--THIS is a Signature Event--an expansion of the NTS, and indicative of "Something's UP". Be alert then!.

Or take Price Change in Reactions. Consider the price change in the reactions if the market is in a rally for whatever timeframe you are considering. This will define the NTS (PC/Reactions) subspace, and then any perturbations of this NTS will have forecasting value.

Or take Volatility--Current to define the NTS (V/current).

Or take Previous Significant High--prices meet this level and hit a brick wall--its NTS remains intact, and has not expanded so this will continue to bound the entity's Normative Trend Space.

The tying in of each individual variable's NTS into a whole will provide the best indication of what that entity is going to do. Although, any one of them, if sufficiently studied with regard to past characteristics within that Timeframe is enough to give a good indication that a change in trend is happening.



## **ANALYTICS RESEARCH CORPORATION**

# **TRADING ANY MARKET IN ANY TIMEFRAME NONLINEARITY MADE EASY THE KASHYAP METHOD**

## **INTRODUCTION**

Let me begin by welcoming you. It is my sincere desire to see you look at the markets in a simple straightforward light, so that at a glance, you can see what it is doing, if there is a change in trend again, and how you can get on board, with low risk, all at a glance. No oscillators, studies, etc are needed. Only observation of the true nature of price action is necessary. The concepts I will discuss are ridiculously simple but this in itself hides the tremendous power in them. The mind of man searches for complexity and likes confusion and fog, and cannot accept simple truths. This is true in life and in the markets.

I want to begin with a story. A wise man living in the East saw a young man approach him with a troubled look on his face. The young man bowed before the wise man, and said, "Respected Master, I have been with you for five years. I have memorized all you have said and taught. I am able to give great discourses to the masses about spiritual matters and God. And yet I am no closer to really knowing Him."

"My son, " the wise man replied, "You have been busy collecting and memorizing all of my sayings and the different methods for attaining Enlightenment. You have accomplished this difficult task and now can give this information to others. But have you actually USED even ONE of the methods I have taught you? Have you practiced and stuck to EVEN ONE of the sayings? Upon the first obstacle on the path, you give up on that method, and flit to a different one, starting all over again at the beginning. Then on the first difficulty you encounter there, you abandon the effort for something else, not persevering.



Your condition is that of the world. You are more interested in amassing the different methods, ever flitting to the next idea, your search for Enlightenment has become mired in the attraction of feeling important, and pride of knowledge of spiritual matters. But this is all truly Ignorance. The methods and sayings are useless and empty unless put into diligent, persistent practice. To Know the Underlying Reality of all things, Investigate deeply to the root cause. Forget about all my sayings and all the methods. Instead, if you Focus on ONLY ONE of the methods I have imparted to you, stick to it and apply it diligently, your success in achieving the Goal is Assured."

Most of us are rather like that acolyte, and the words of the Teacher are equally applicable to us in the world of trading. How many times have we flitted around just gathering up the latest trading methodology or system, not really taking the time to understand it or sticking with it, and discarding it upon the first loss. The key is persistence and staying with the method, that achieves results.

ALL technical analysis and systems are unknowingly based upon these concepts, except that they are further removed, especially those systems based upon moving averages, oscillators, etc., since they are "derivatives" of the price. But why not go directly to the source? When you know the source's true nature, how it MUST respond to stimuli, it cannot fool you for long.

The following are some examples of how NL UP bottoms and NL DOWN tops form from realtime examples of the S&P 500 futures, 5 minute data. A couple of different Nonlinear patterns are shown, as well as a failure — and how to trade them.

Learn to look for these NL UP and NL DN patterns, the market will be making them at all timeframes, except that as you span outward in time, say daily bars, or weekly bars, these NL formations become hidden in a tighter timeframe, but they are there.

## **IMPORTANT EXAMPLES**

### **USAGE OF SIGNATURE EVENT THEORY AND NONLINEARITY MADE EASY CONCEPTS IN CONCERT**

The mission and expectation of every trader is to make money. This is why one embarks on this line. There is excitement and the thrill of victory when one puts on a trade with low anxiety and profits right from the start. Traders want a successful trade, but the criterion does not stop there. The wish list of "the perfect" trade goes like this: get in at the low tick, so the market does not move against your position by even the slightest (no anxiety), and rises quickly (assuming a long position by getting in at the low tick) so there is no anxiety holding on to the position, and gives large profits on the move, quickly. This is the wish list, this is the type of trade everybody dreams of being in.

Unfortunately what happens all too often, is that one or all of these parameters go astray, by our impatience to enter the market, emotions or myriads of other culprits. So, to try and enter the markets near the turn, with risk control, one needs to examine how the market turns and what it does when it turns. Now, note that generally, it is impractical to try and catch the exact low or high of a move or turn, far more confidence in the trade is had by waiting until the market turns off the high or low, and then entering. The risk is greater but the trade off is more confidence in a successful trade, and the confidence to hold on to the trade. The great speculator of yore, Jesse Livermore, said that he would rather pay top prices and be confident of the trend, than to try and guess a bottom.

Have you ever thought of looking at the market price action to try and detect EXACTLY WHEN and WHERE the turn of the trend occurred? All the price action is there on the intraday and daily charts, open for all to see. Right? But when you try to, it's almost magical at how before you know it the trend has turned and you're left guessing as to where it happened. But there is a way to spot this change in real time, using our Signature Event Theory and Nonlinearity Made Simple Concepts.

Signature Event Theory and our Nonlinearity Made Simple Concepts work together in tandem to allow you to penetrate the fog that the market puts up. Without the use of any oscillators, studies, etc, but rather by looking directly at price action and it's characteristics.



Signature Event Theory shows how any market (or for that matter, any theme in life) has a "normal" character, and how once you recognize and categorize what that normative character space is, this allows you to play the trend—enter with the ongoing trend (and not wait for the change in trend, but capitalize on the immediate move! How many times have we just sat on our hands and said, "Well, missed that one!" Well, no longer should you need to do so.), and recognize when the trend may be changing.

Then the Nonlinearity Made Simple Concepts show you why all market turns must be made in only two ways. Armed with this knowledge one can see and forecast what needs to happen for the market to create a turn!

We'll go over how these go together using an example.

One application of Signature Event Theory to the price action characterization can be done by looking at the price distance covered by each swing of the rally, and by each swing of the reaction, within the operative trend. And also note the time each rally has taken to unfold, and the time each reaction has taken in unfolding. This provides a bare bones Normative Character Space for that market in that timeframe. This is important. The normative character in a higher or lower timeframe (ie, slower or faster timeframe, respectively,) can be different from the one you're looking at. So, first decide which timeframe you are going to trade in, then characterize that particular one. Looking at larger, slower timeframes provides additional information, but that is to be used when the market does something OUT OF CHARACTER for the faster timeframe, the one you are using.

What does OUT OF CHARACTER mean?

Well, quite simply, you will find that any market rallies and reacts more or less in it's normal character that you've determined by looking at how long and how far it goes in each rally and reaction. These parameters become it's normal character. Now, when the market starts putting in a much larger reaction price or timewise, or a much smaller reaction, price and timewise, in either case, it is doing something out of character.

Now, smaller deviations from the normative character of the market shows CONTINUITY of the prevailing traits, or trend. Larger deviations from the normative character show a Signature Event, that "Something's UP!", and a possible change in trend is near.

Once you have recognized this deviation, then you can start looking for one of the Nonlinear Patterns to start to unfold for the turn. Sometimes, the NL Patterns are much clearer in a faster timeframe than the one you are trading in. So, this means, IF you're trading daily bars, you really do need to look at 60 min intraday bars or 30 min intraday bars as well. If you're trading 5 min intraday bars, then look at 2 min intraday bars as well. And so on.

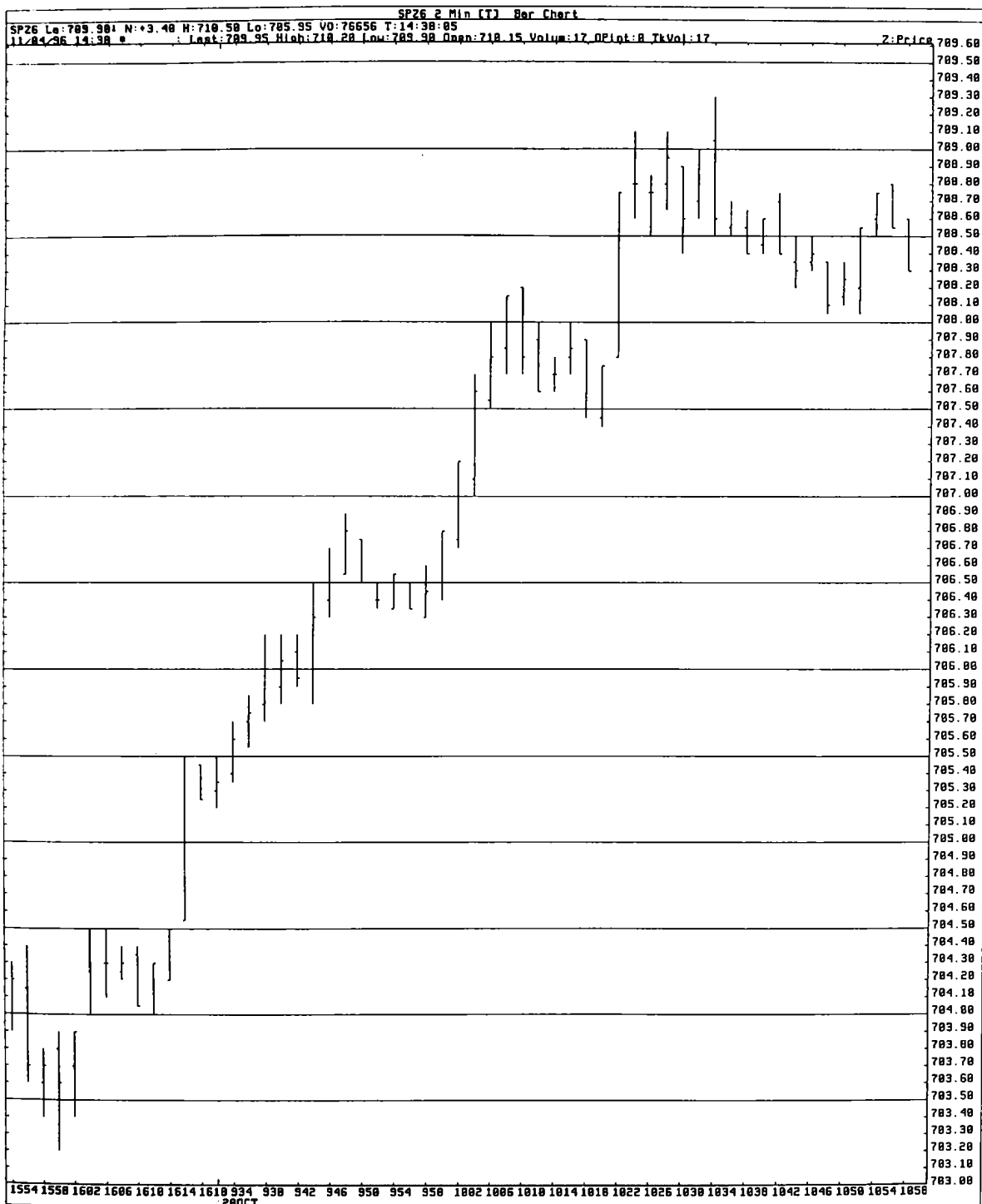


For those of you only looking at the daily open, high, low and close, figures, you are missing 80% of the set-ups the market does intraday that have forecasting significance. So, I cannot stress this enough, that the real X-RAY to the markets are faster intraday timeframes, and not reliance solely on the daily and weekly data.

By the way, as an aside, our Signature Event Theory's scope goes far beyond just looking at price and time magnitudes for the market, see our paper for a more fuller discussion of all the ramifications in so many more aspects of life.

Let's examine this example first in the light of Signature Event Theory (see Figure 1). The first graph shows a two minute chart for the S&P500 futures, December Contract. It's been in a rally from 703 to 709 area, starting on Oct 27, and continuing intraday through Oct 28.

Now, first, let's assume we're looking at it in the morning of Oct 28, so we start developing the Normative Character Space (NCS) for this rally.



We see a rally from 703.10 to 704.50 (+ 140 pts price magnitude, in 2 time bars). Reaction down from 704.50 was to 704.00, then new highs (reaction character space = -50 pts, in 4 time bars). This is the NCS1 of this current upswing. Now, the next swing up, the normal expectation would be for a move from 704.00 to 705.40 (+ 140 pts from swing low), and the market does hit 705.50 (!) and pause, then pushes to new highs. (Figure 2 and 3)

Next rally—from 704.00 to 706.80— for + 280 pts, an expansion of the initial character space for the rally, from + 140 pts to double at + 280 pts. **INFERENCE:** The market is strong, and this move up should continue. **ACTION:** Look for long side entry on normal reaction space, to ride the trend. **FIGHT** the tendency to pick a top and short, the market will let us know when it's going to turn, if we use these tools correctly.

Now, normal reaction space is -50pts, so expect normal reaction from 706.80 to 706.30, in around 4 time bars. Look to enter long either right at 706.30, with a 60 pt stop, or **ALTERNATIVE ENTRY** is wait for 706.30 to be seen, then **GO LONG ON A STOP ABOVE THE PREV BAR'S HIGH.** (Figure 4)

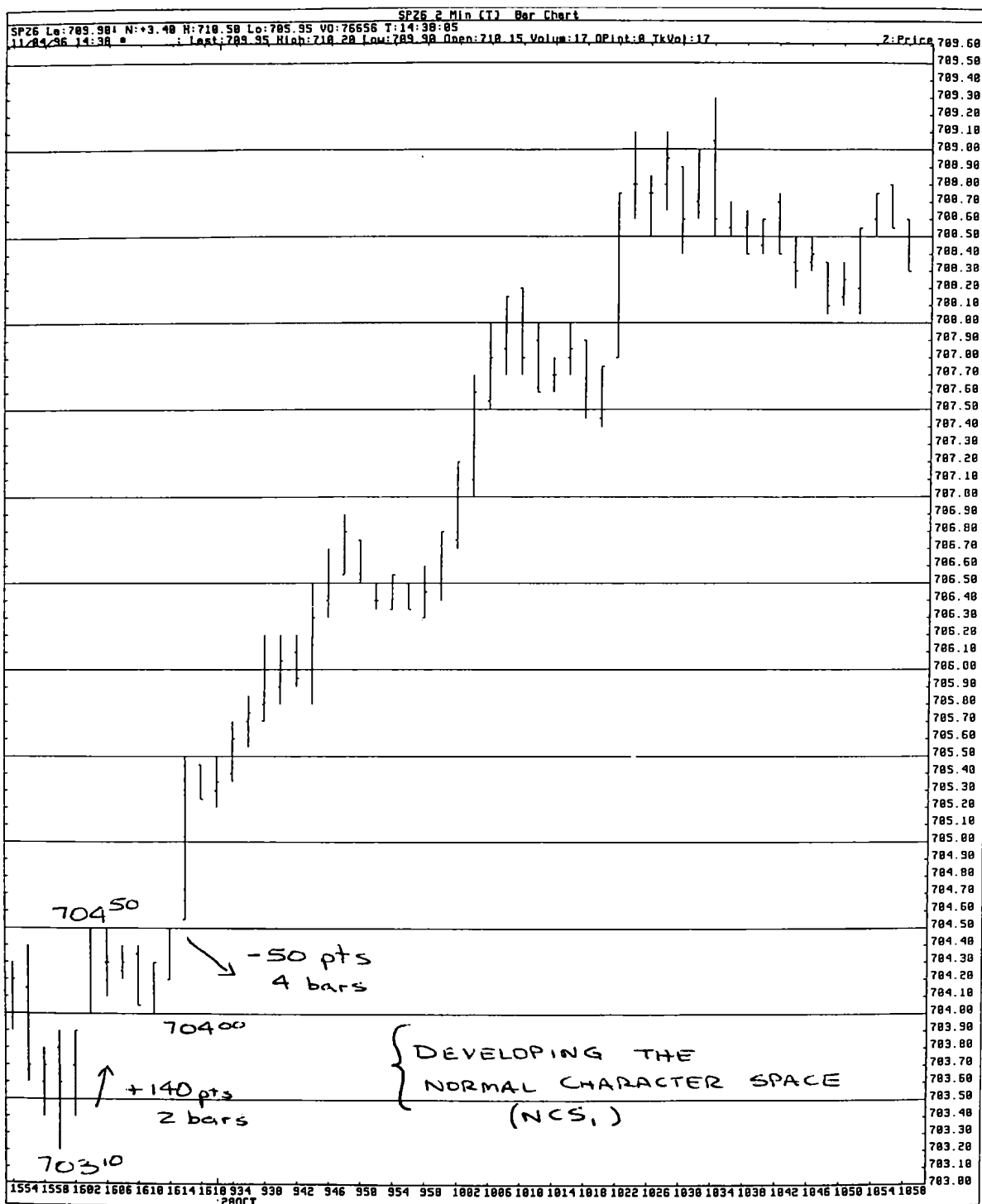


FIG. 2

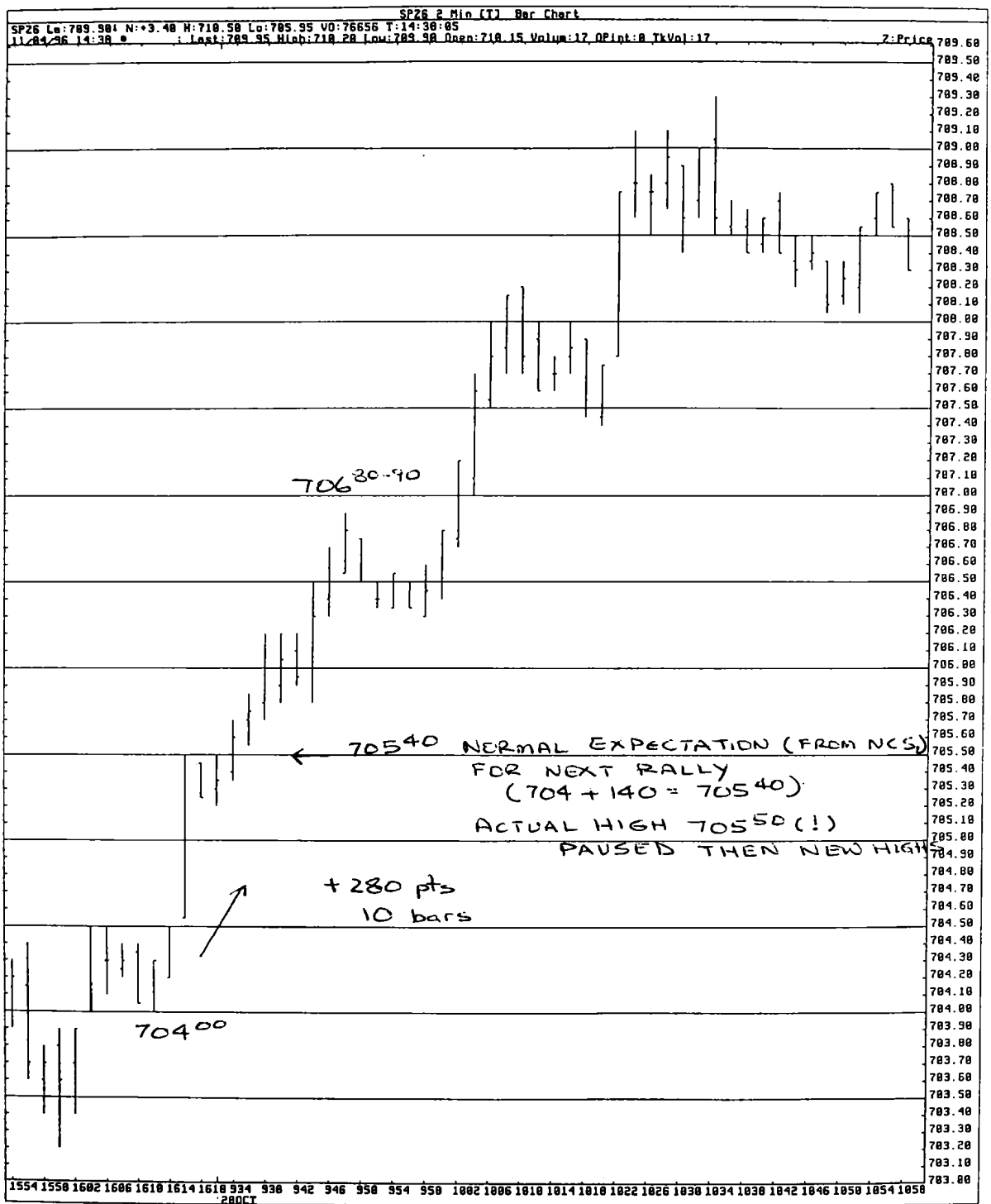
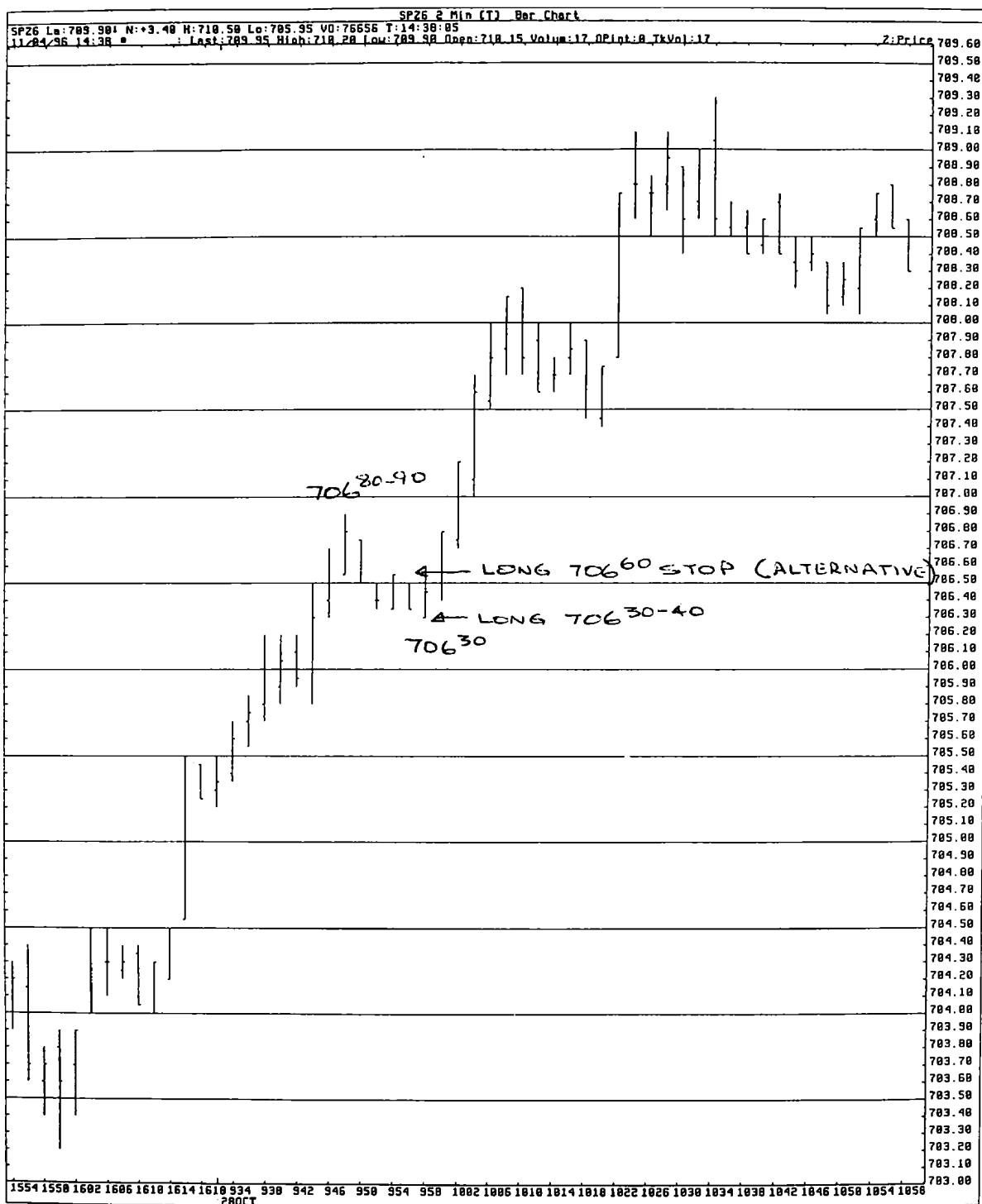


FIG. 3





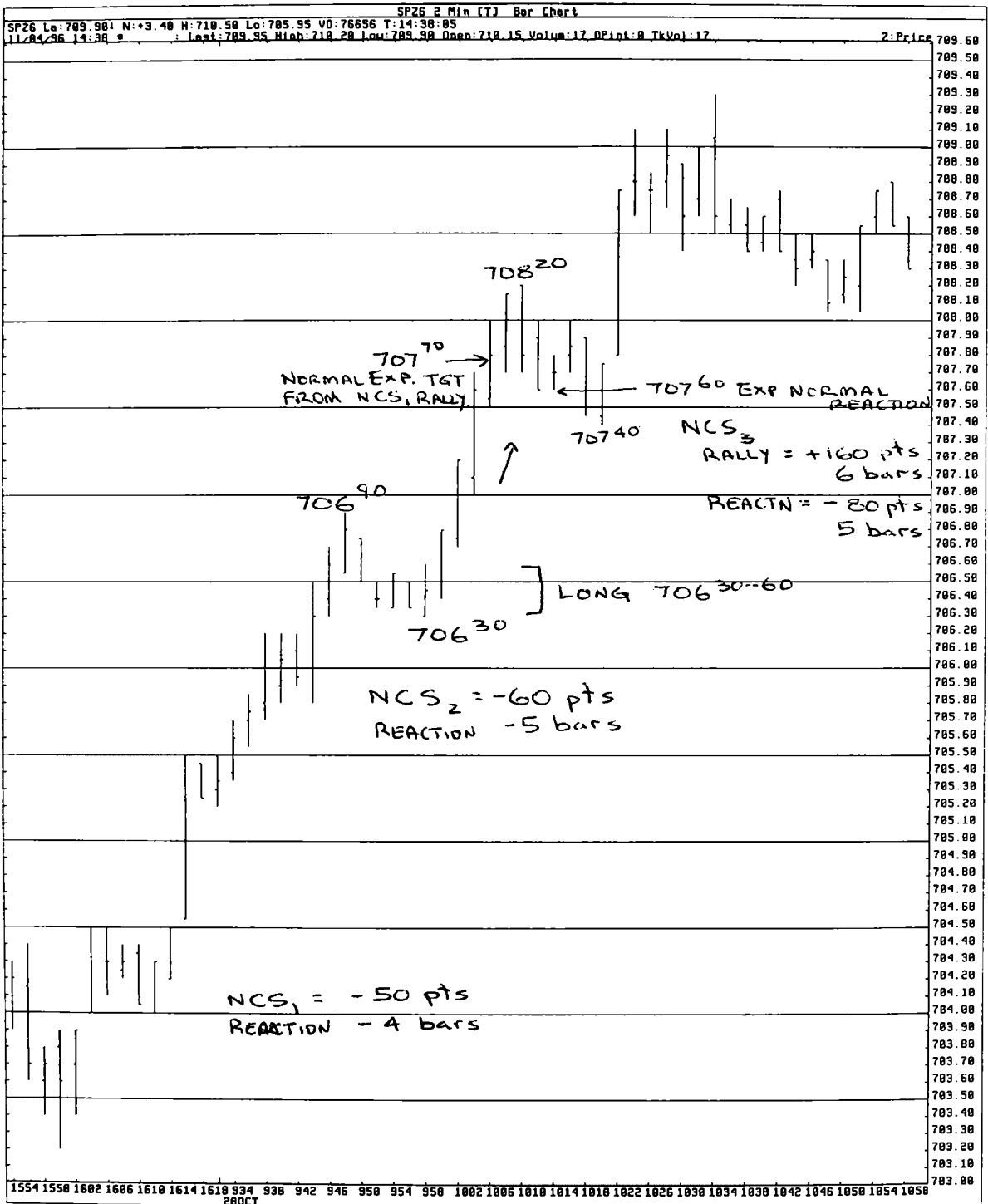
The market reacts, holds 706.35 for three bars, and 4 time units, fulfilling the normal characterization, so now would expect prices to start up again soon. So, would either have a long at 706.30 or on a stop at 706.60 (above the high of the prev bar's high). The 5th bar hits 706.30 exactly then surges up. So, one is in long either from 706.30-40 or 706.60 stop.

Where will the next swing up go to? Well, let's see the NCS 1 and 2. Expectation would be for either a + 140 pts swing up from 706.30 (= 707.70) or around + 280 pts giving us 709.10 as targets.

S&P surges to meet 707.70, and a little more to 708.20 before pausing, for a move up of + 160 pts, still within the purview of the + 140 pts NCS1. As prices start reacting from 708.20 high, normal expectation from the NCS Reaction would be to 707.70-60 (-50-60 pts, in around 5 bars).

The S&P reacts -80 pts in 5 bars. So, something to NOTE here. Price magnitude in reaction has expanded to -80 pts, but TIME has remained NORMAL.

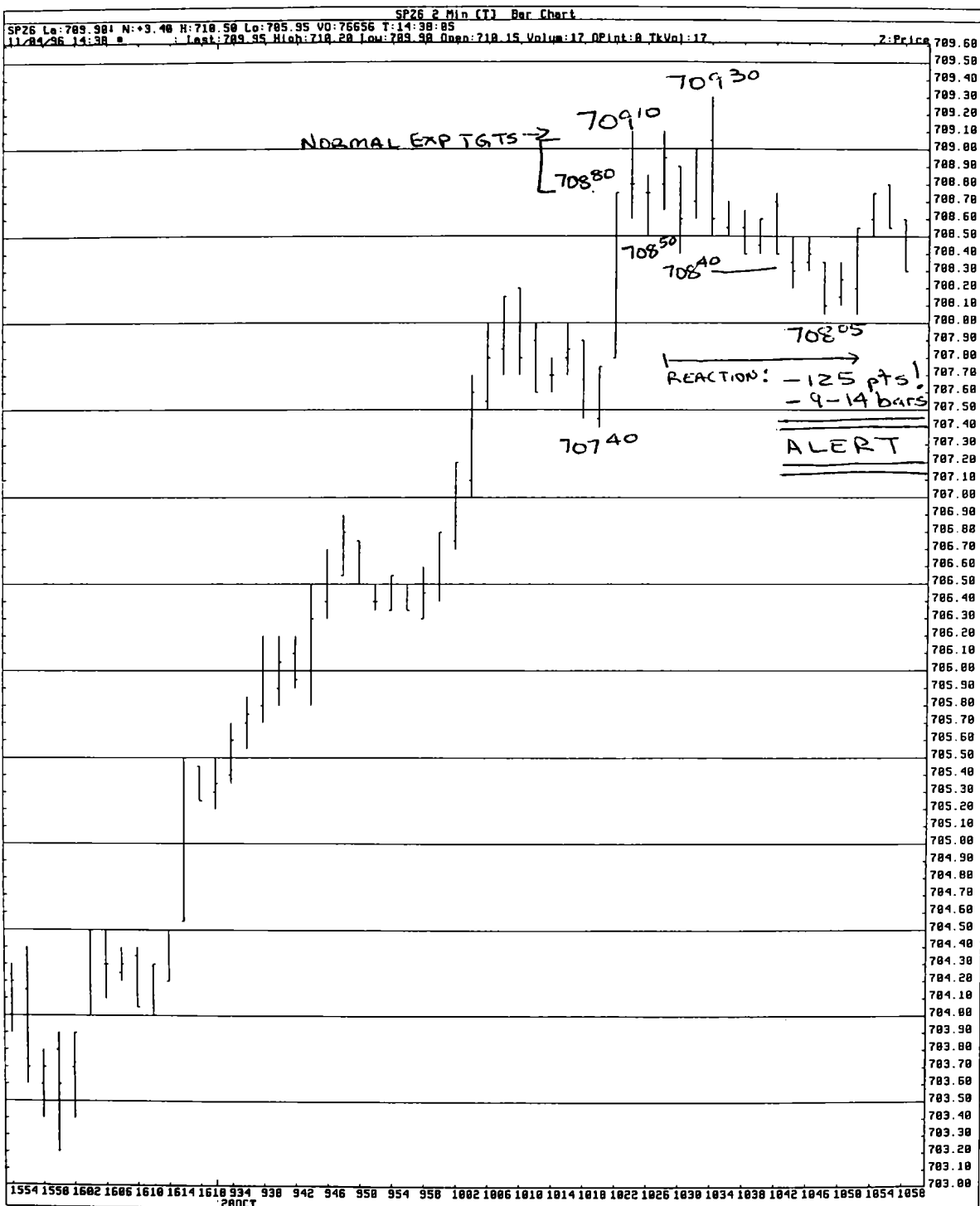
Next swing up—expectation would be  $707.40 + 140 \text{ pts} = 708.80$ , with an outstanding target from the prev swing low to 709.10. So, next target for a swing high 708.80–709.10. (If the market remains strong, higher target is  $707.40 + 280 = 710.20$ ). Let's see where prices went. (Figure 5)



Bull's eyes! Highs 709.10 for two bars, note normal reaction in one time bar to 708.50, a normal expected reaction worth -60 pts, perfectly within the NCS of the rally. So nothing to worry about yet. Next swing up hits 709.10 again, does not make progress towards the next targets of 710.20 or  $(708.50 + 140 = 709.90)$ , but fails again at 709.10. New marginal lows to 708.40, still within the NCS, so still ok, but need to monitor closely. Next swing up to 709.30, but not any farther to the EXPECTED NEXT Target at 709.90–710.10. Another reaction to 708.40. So far, prices seem to be hesitating a little, but using our NCS parameters, the market is still ok.

Then, lower to 708.05 still on the reaction from 709.30. NOW ALERT! This is A SIGNIFICANT EXPANSION of the NCS, a Signature Event. Reaction now has gone to -125 pts price magnitude, and just as important, if not more so, the Time magnitude has gone to -9 bars off 709.30 and -14 bars if taken from 709.10 highs, which were our normal expected target, with this 709.30 a marginal new high.

Now, if this is a turn developing, then would expect Nonlinear Down Pattern to start evolving. This means, in general, failure to reach new highs, holding at or under prev highs, and then breaking under previous lows. The Signature Event Theory has already given an alert. (Figure 6).





The next figure (Figure 7) shows the NL DOWN Pattern unfolding, as defined by the circles around the price action.

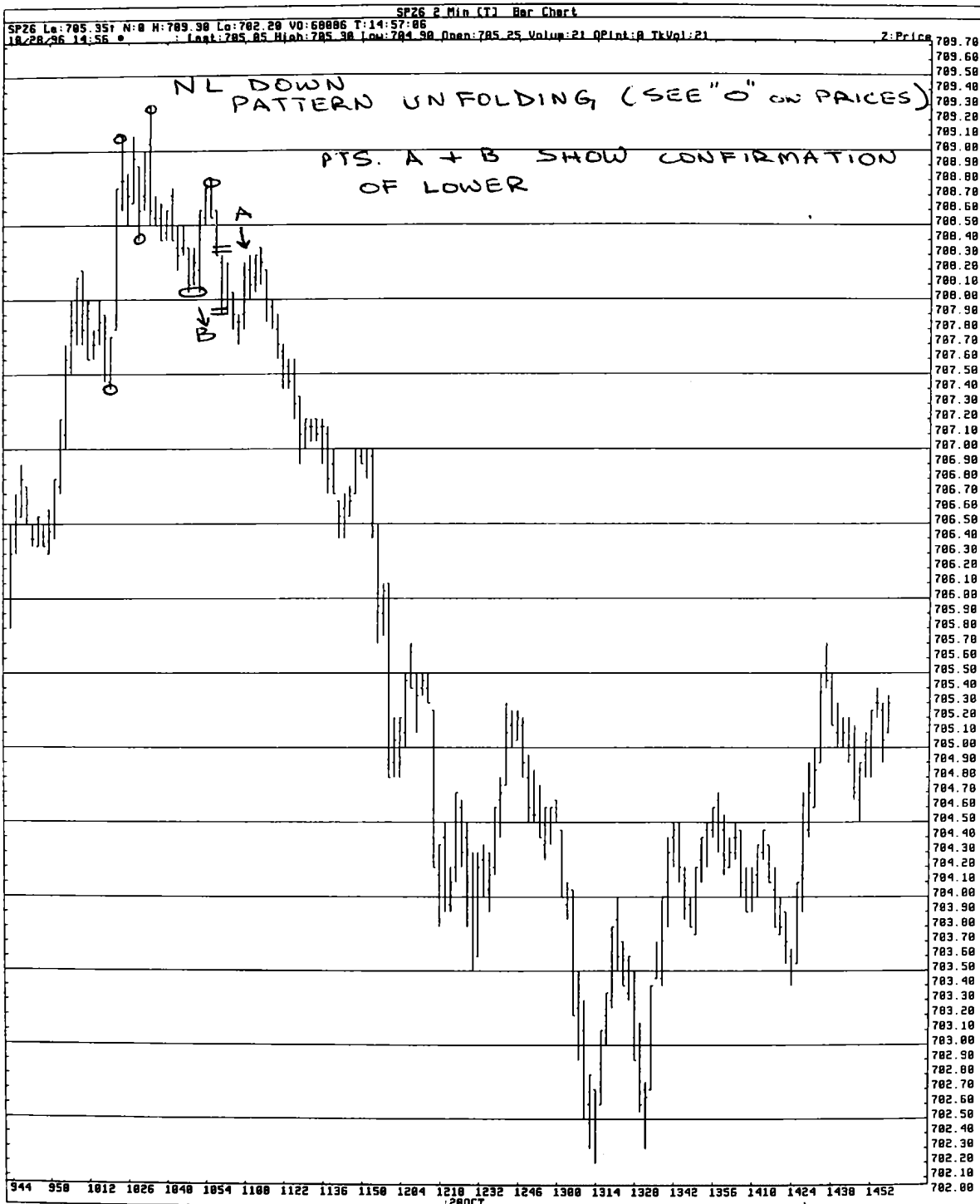
As an exercise, do the NCS of the downward trend, like we did on the upswing, and see if you can independantly calculate the targets to be expected, and normal reactions to be expected, down to 702.10. (Figures 8 and 9 but don't peek ahead to Figure 9 before doing these calcs yourself).

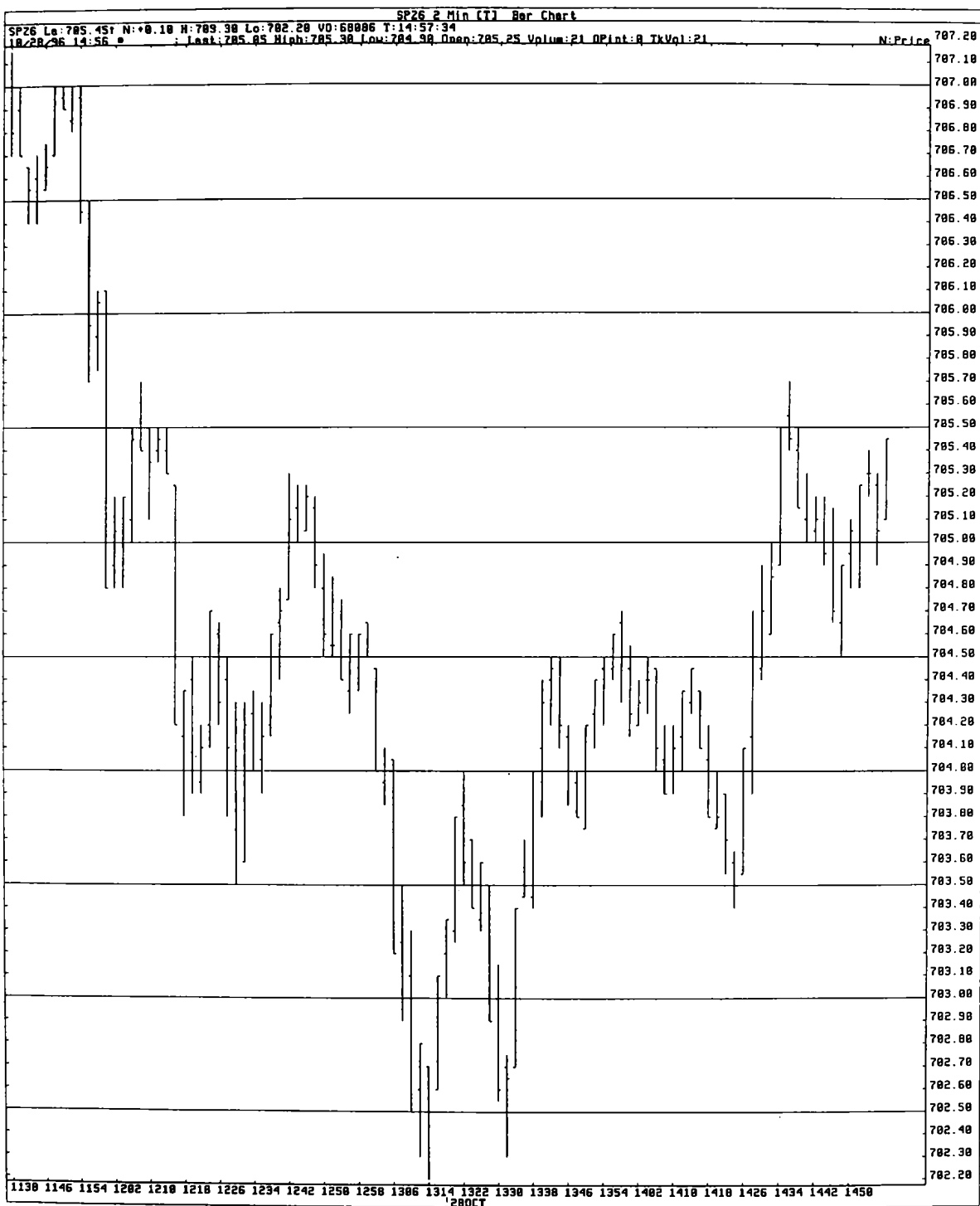
Also, at the bottom approaching 702.10, is another Signature Event, showing a turn back up, and a much larger NL UP Pattern. See if you can spot it, where the entry would be and where the Failure Point would be for the REVERSAL (go over the Trading Examples given first).

If you would like the "answers", just give our offices a call and we'll fax out or mail out the rest giving the junctures to notice, etc.

When you learn to read price action correctly, one really does not need any oscillators, studies, etc. The simplest way to make decisions quickly and accurately is to use very easy things, not a whole lot of factors to fold in. The best systems are the simplest ones, NOT the complex ones!

If you diligently apply and use these techniques, with discipline, controlling emotions, your success in trading is assured! All the best for your trading success!

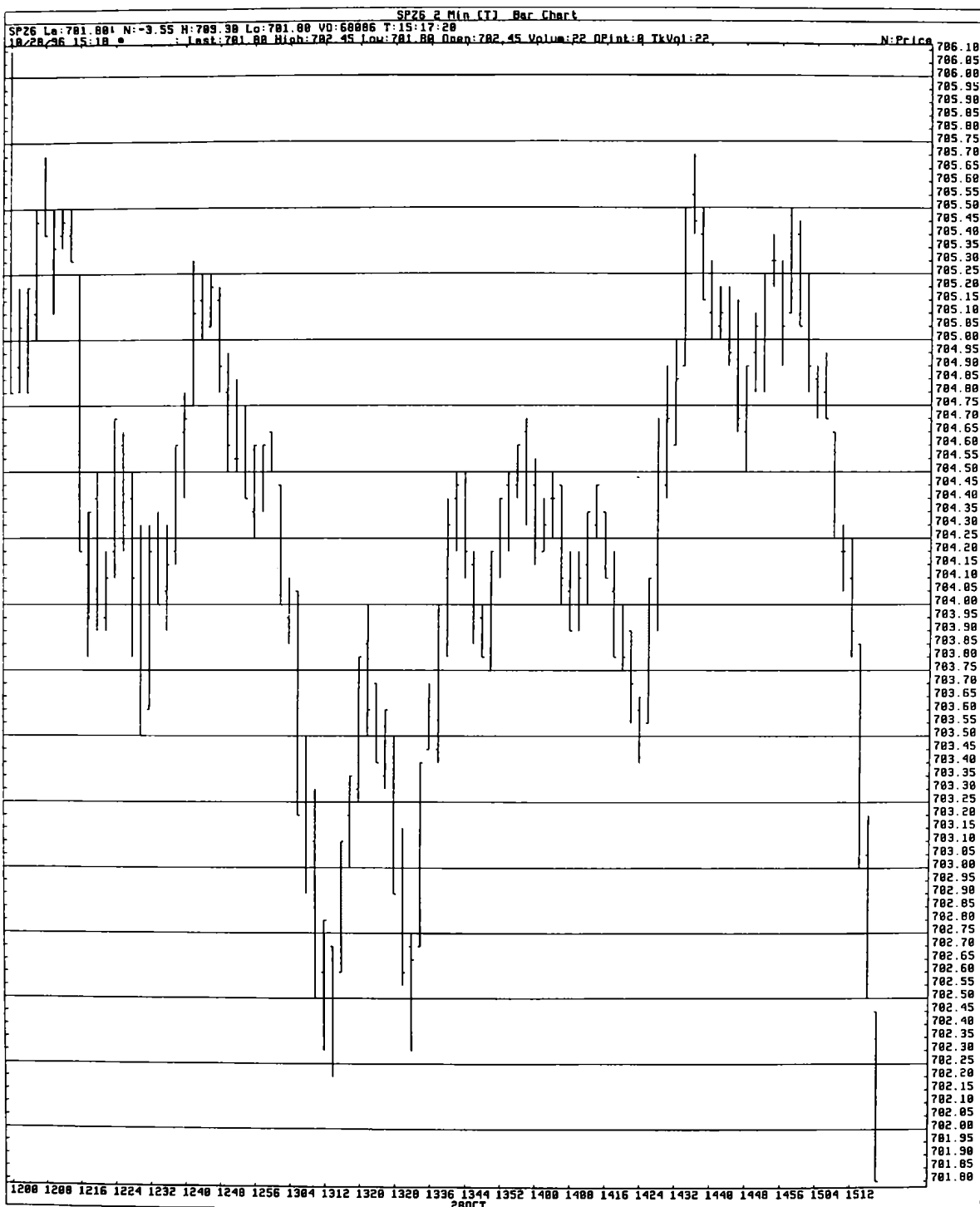


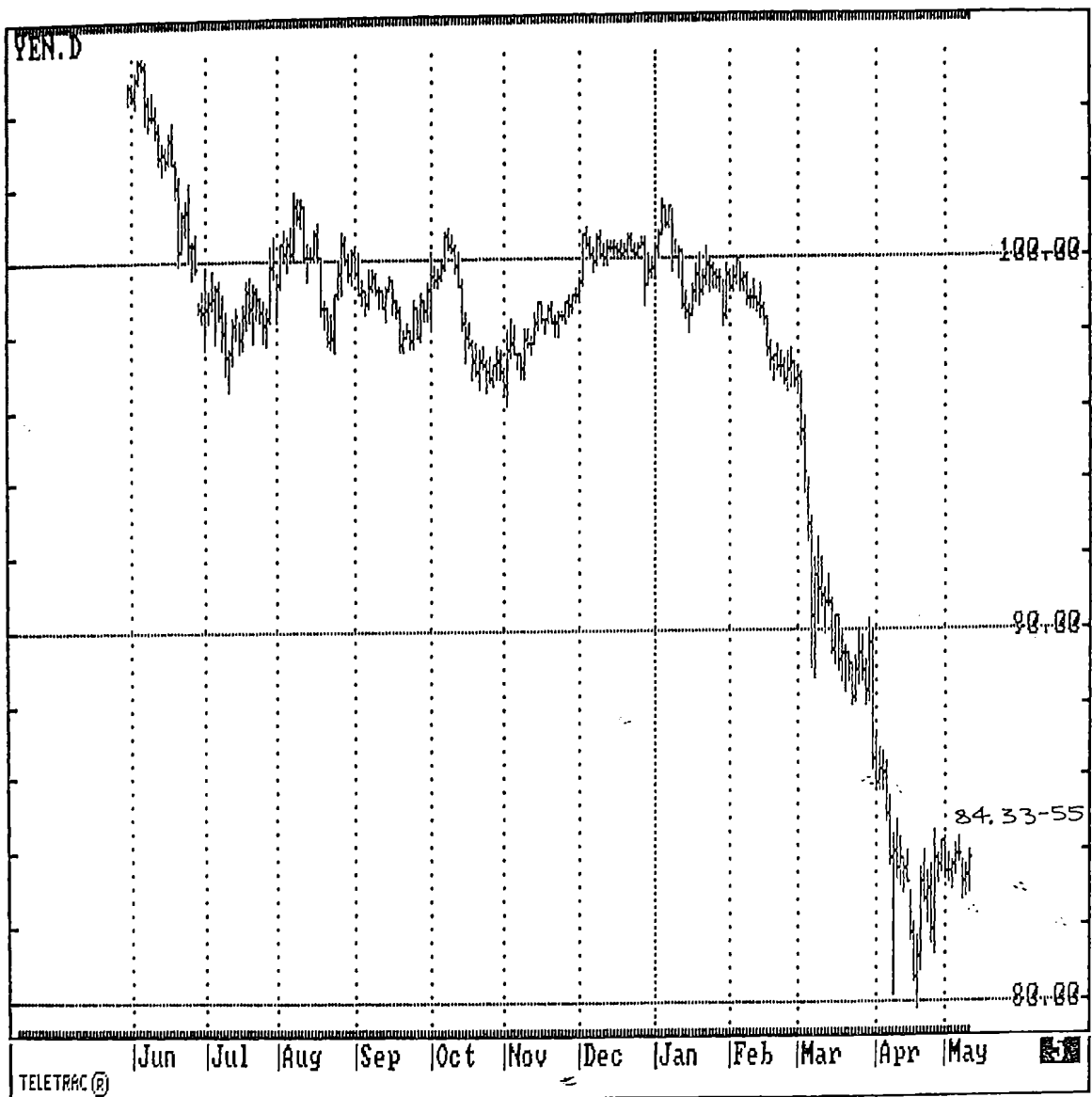


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FIG. 8







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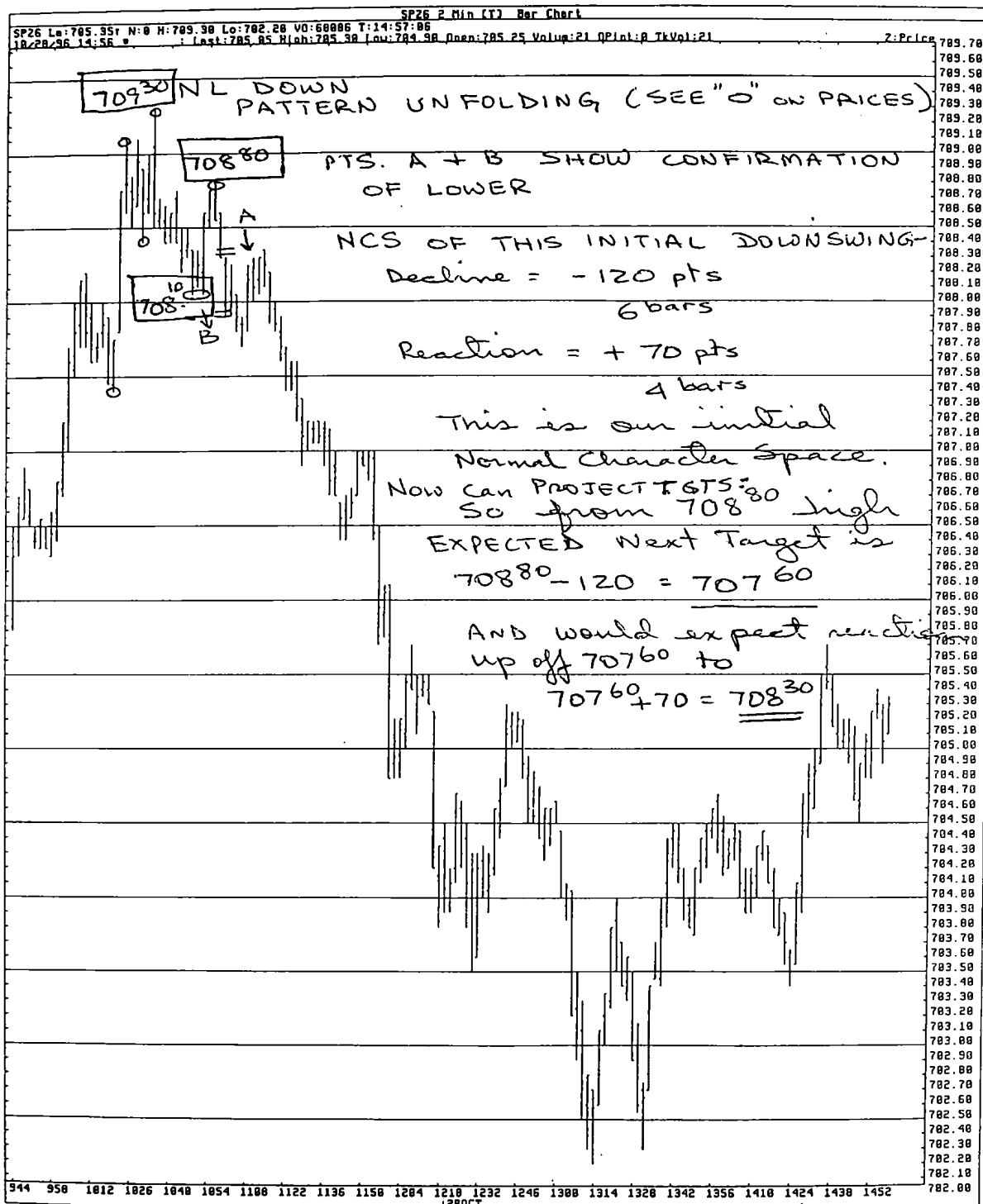




## **ANSWERS TO EXAMPLES**

# **USAGE OF SIGNATURE EVENT THEORY AND NONLINEARITY MADE EASY CONCEPTS IN CONCERT**

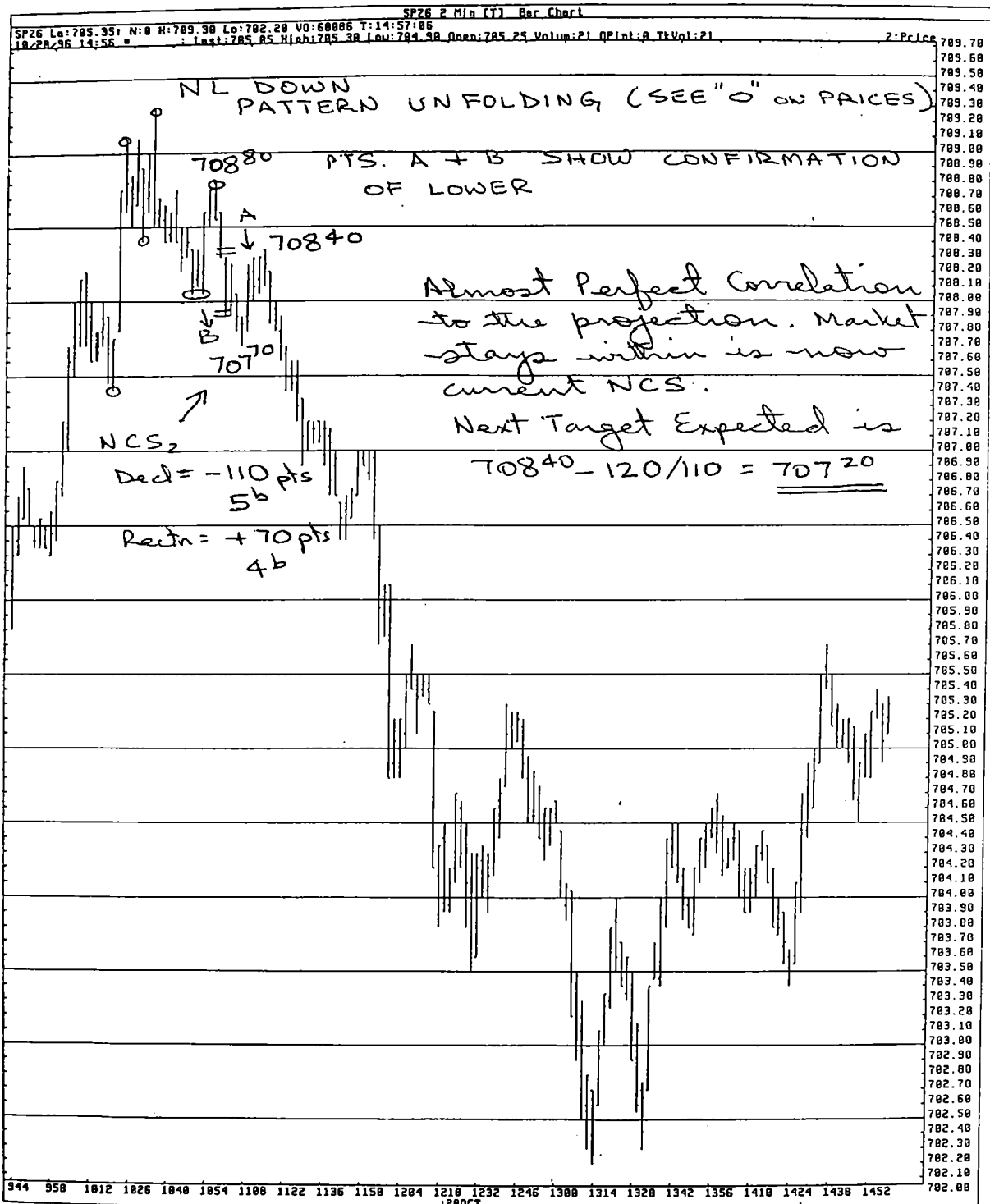
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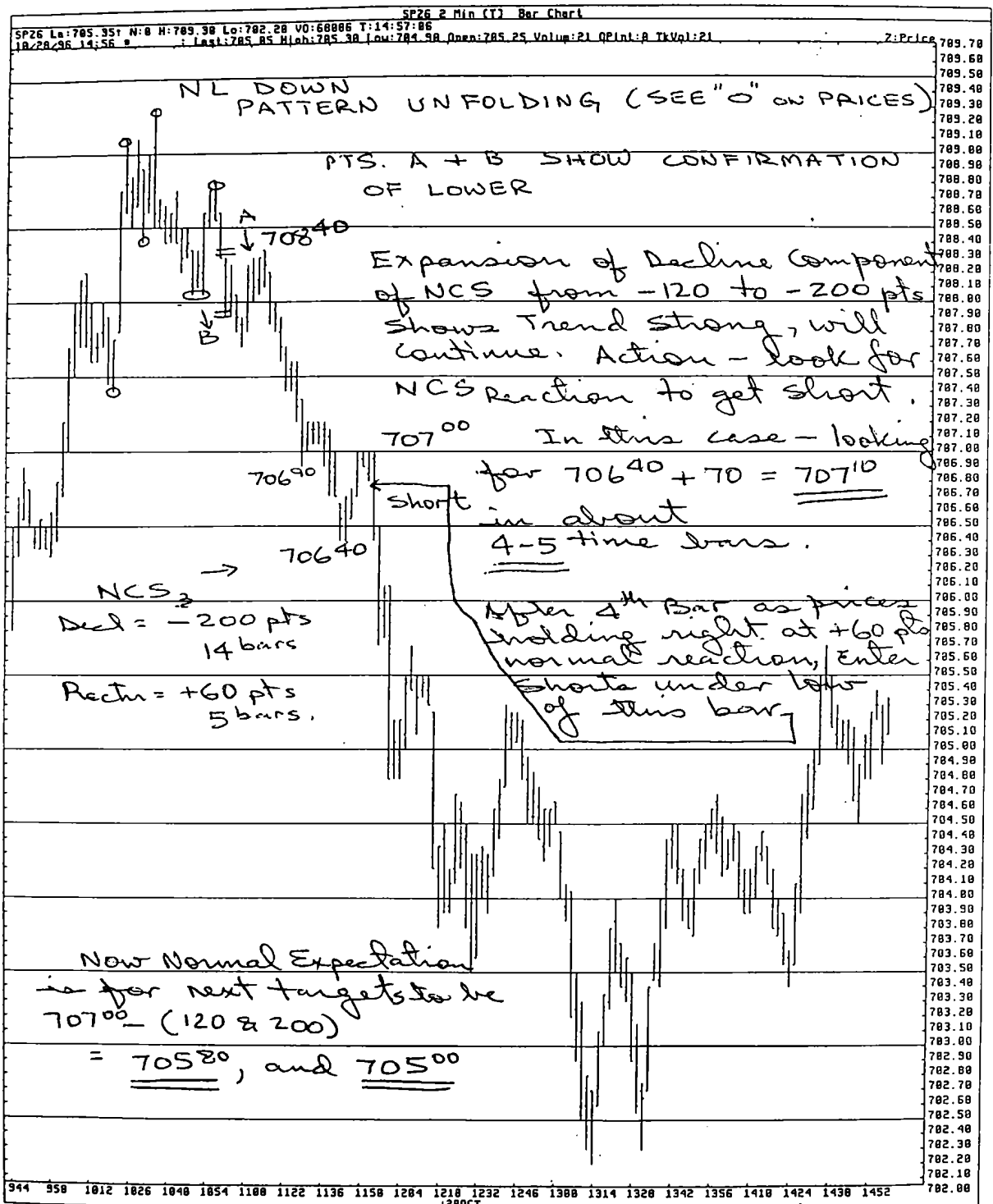


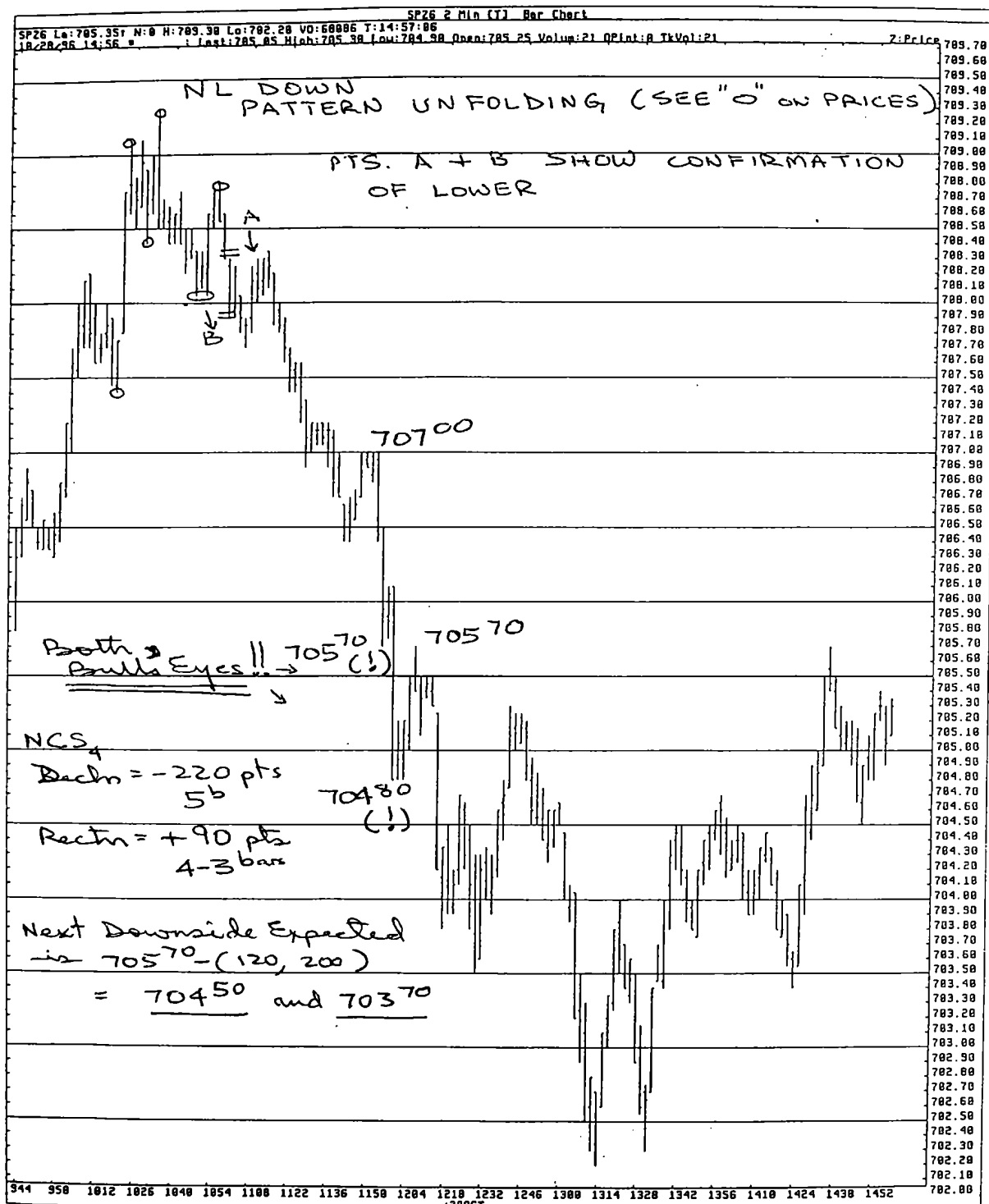
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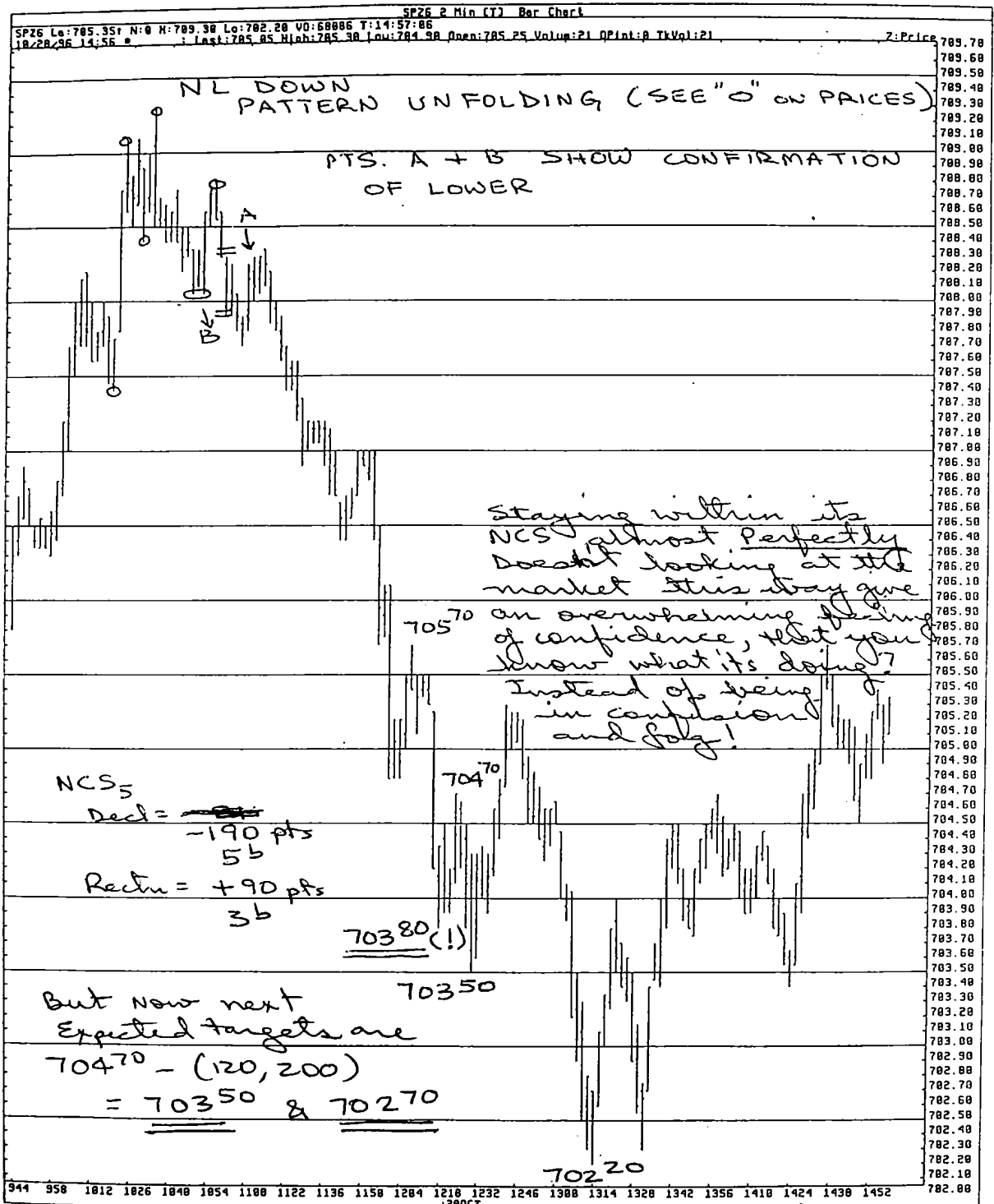
FIG. 7-1

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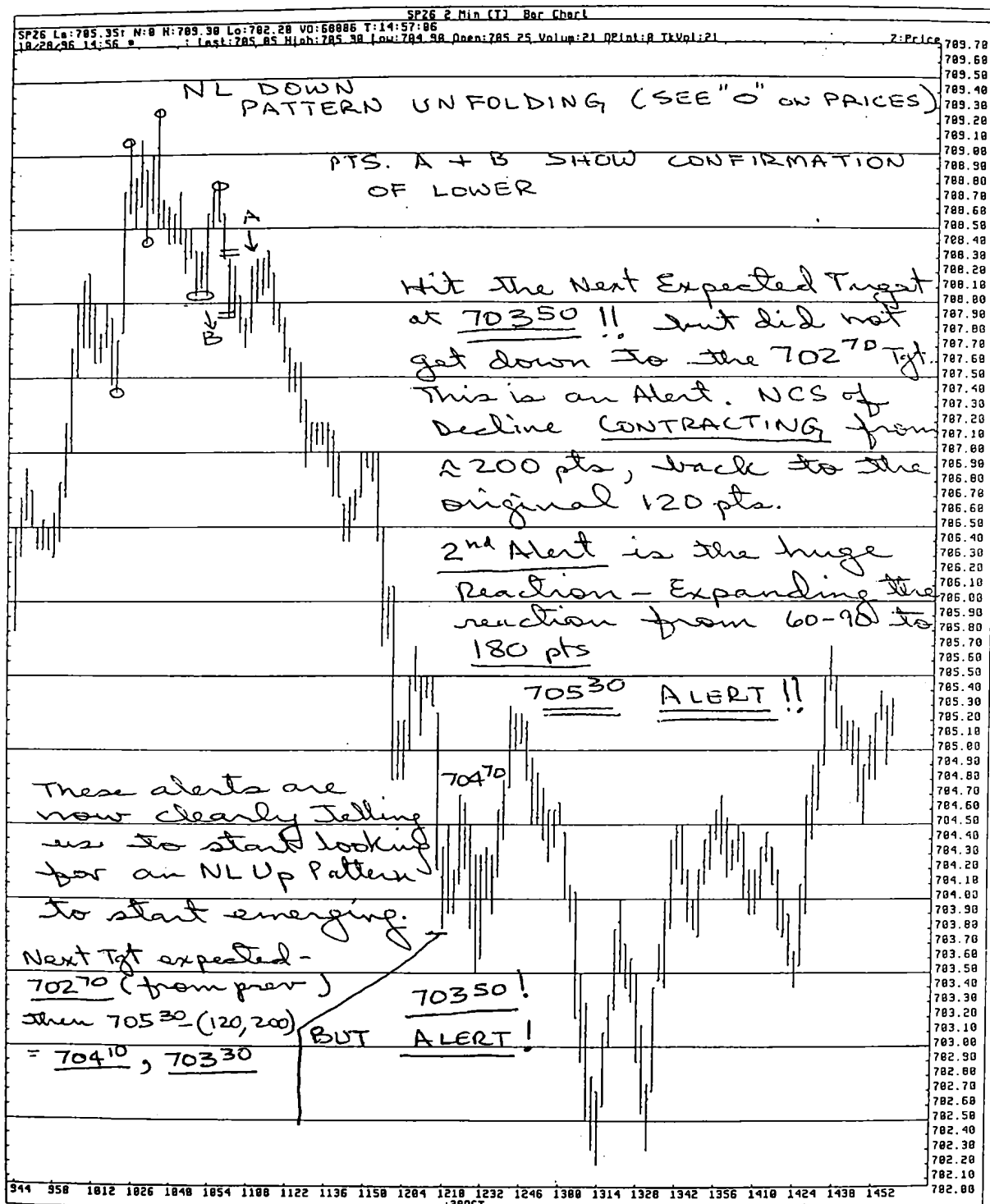


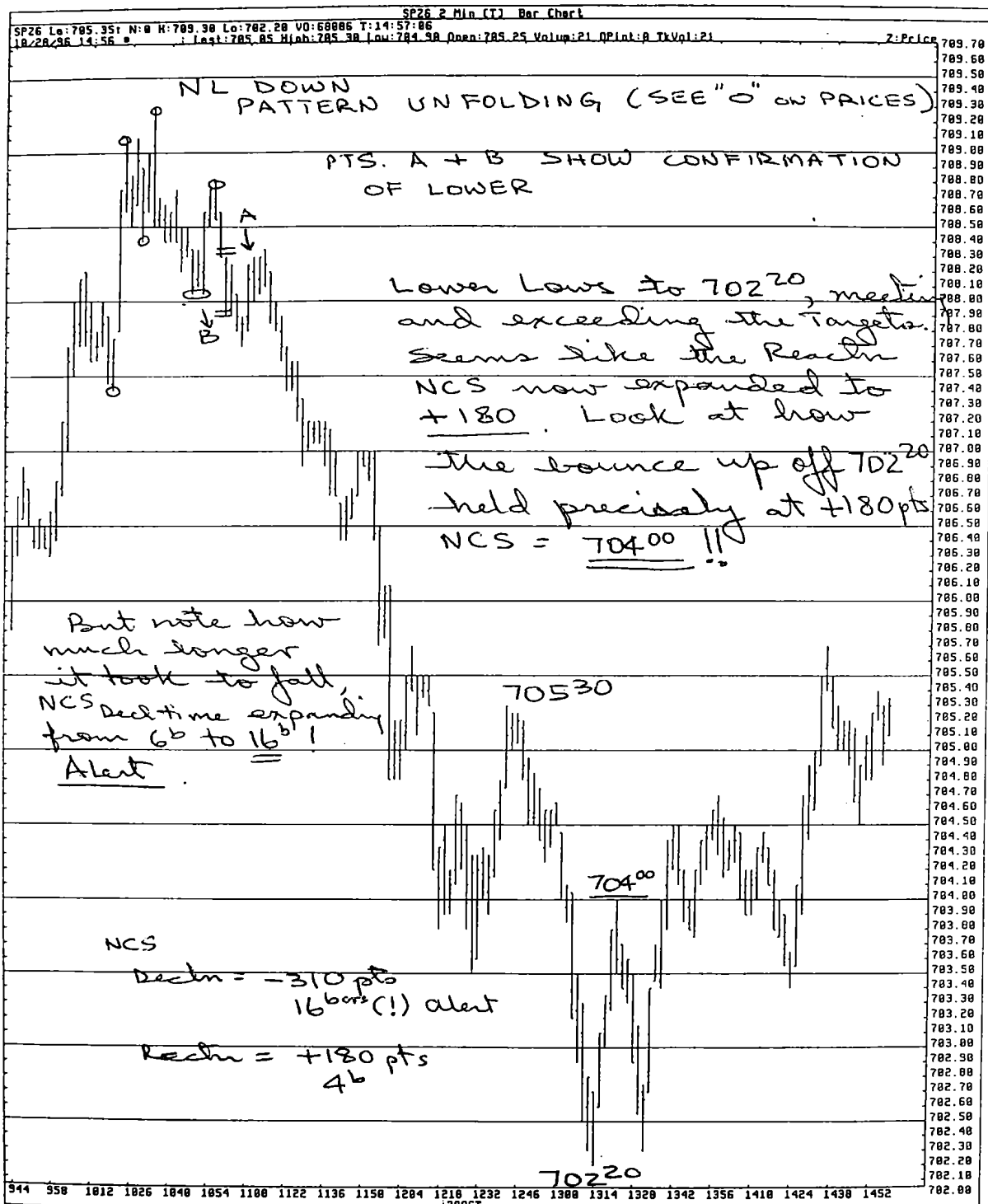


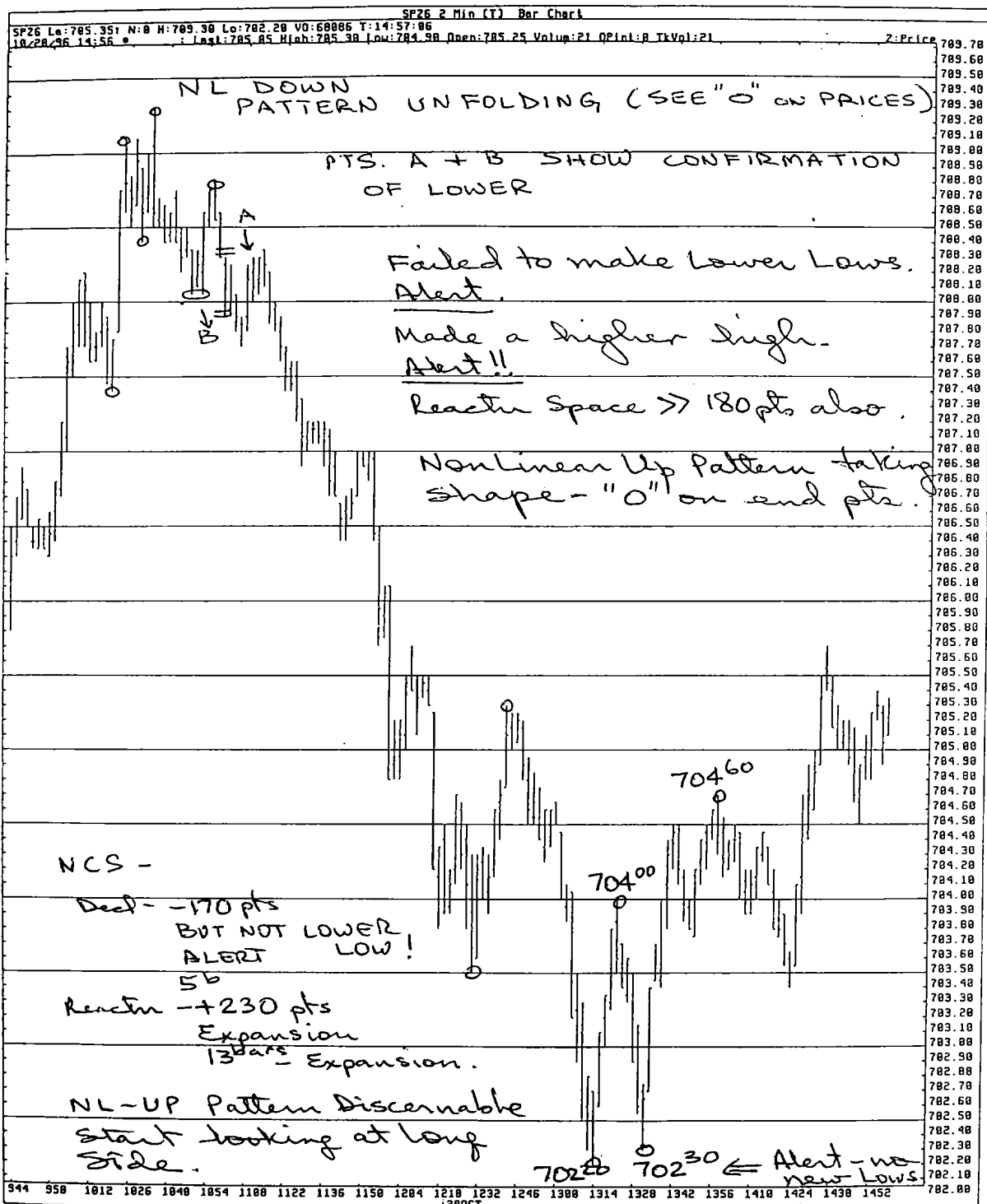


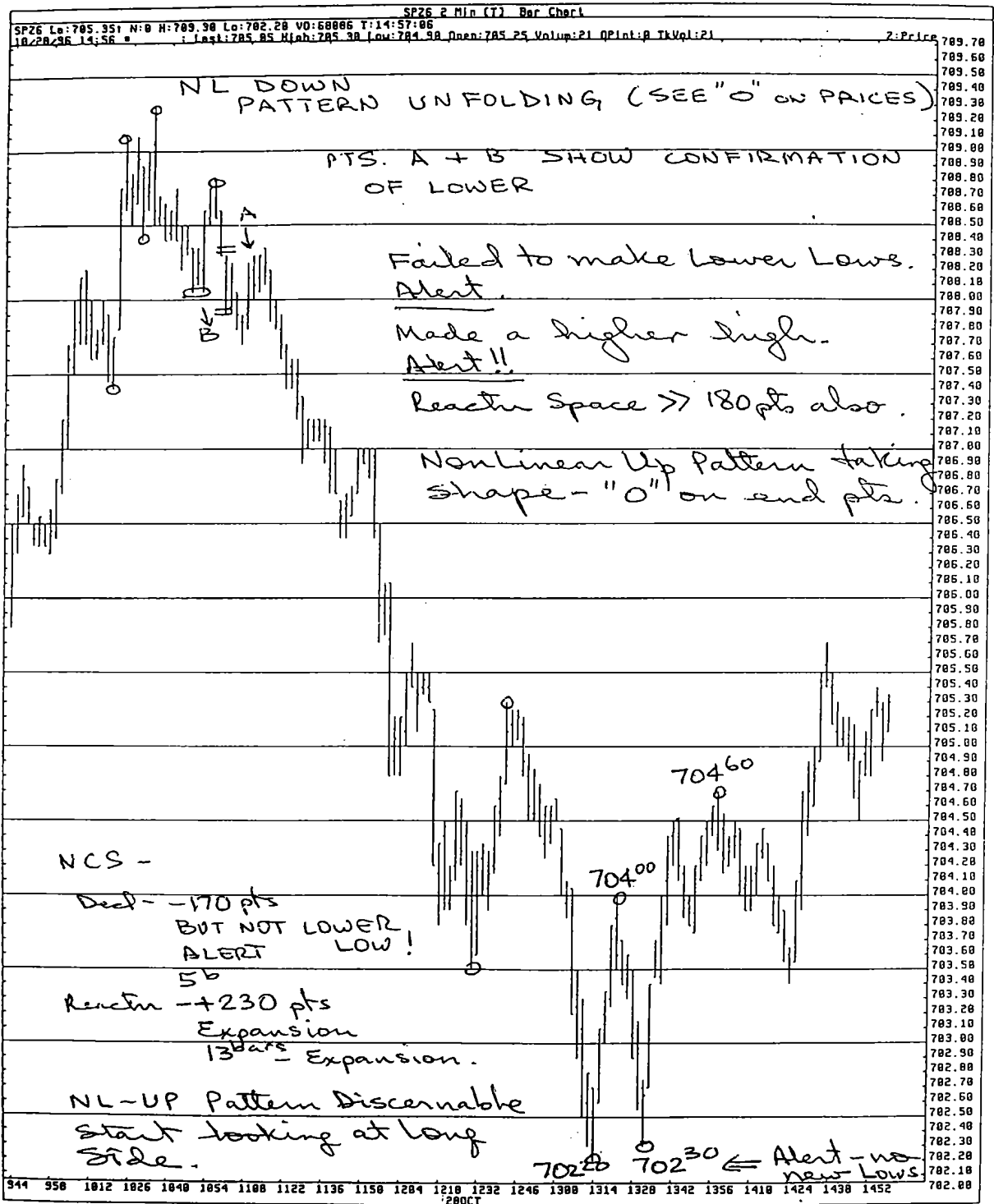


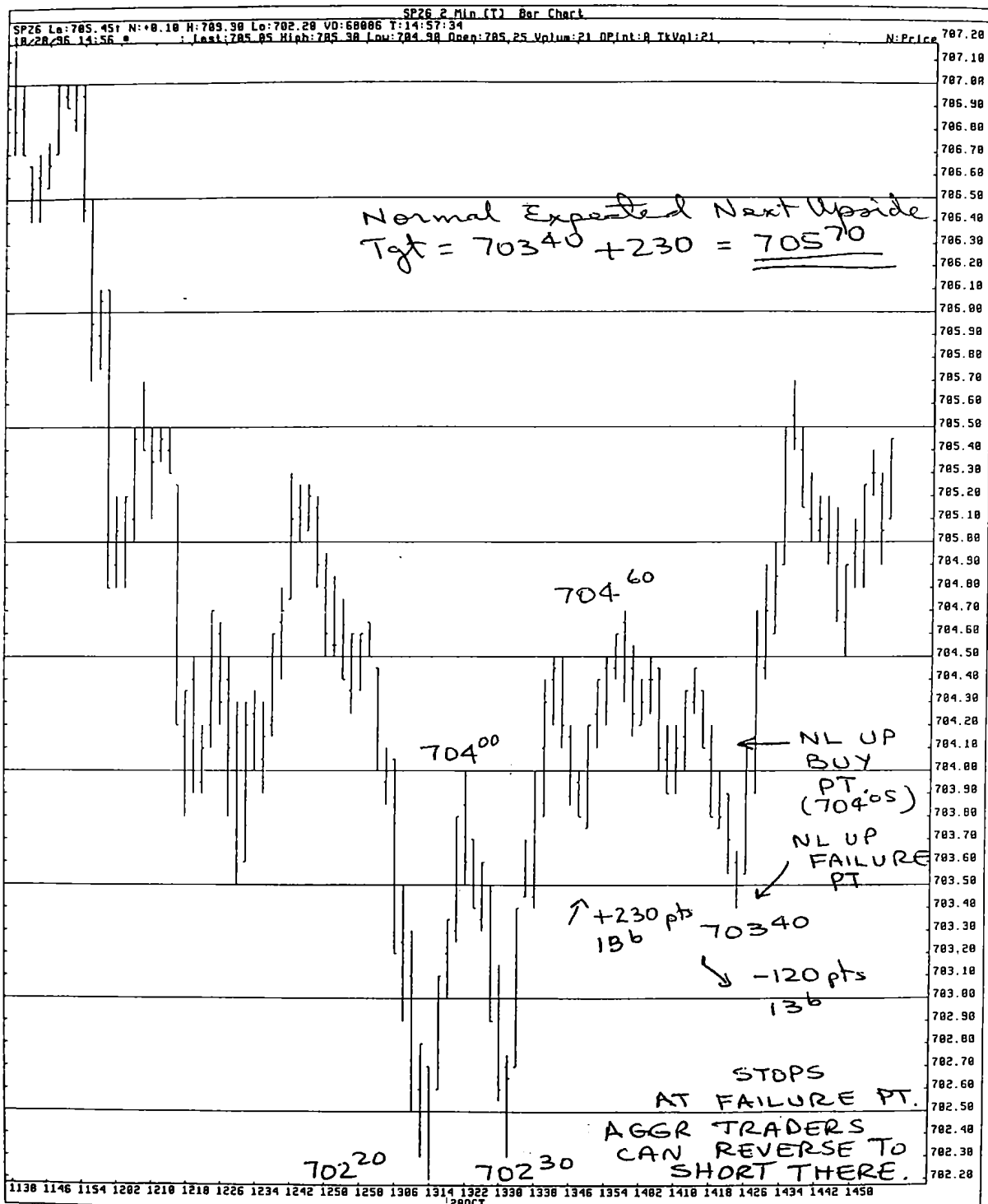


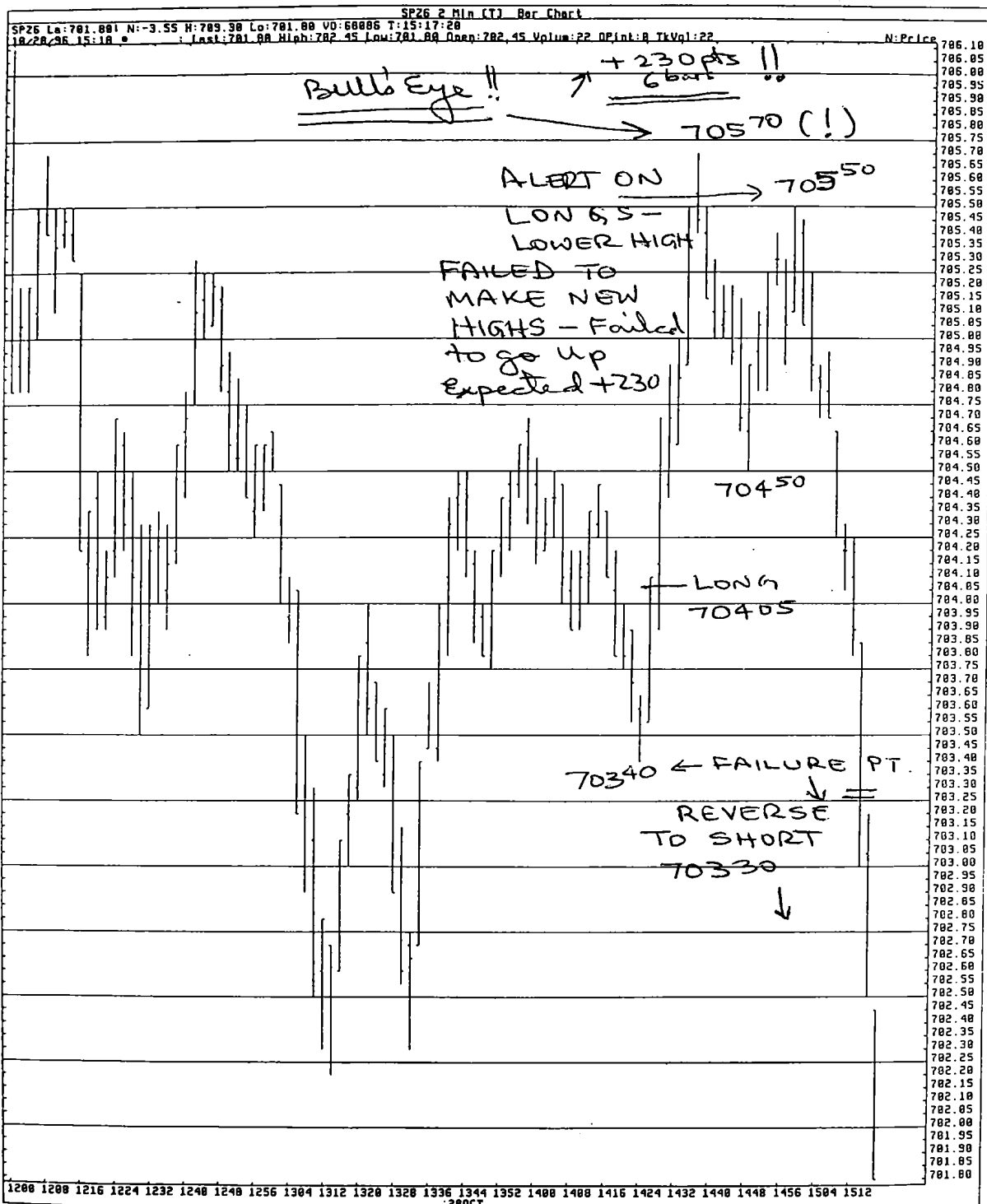














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***30 YEAR BONDS***



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## AGENDA

- **Nonlinearity Made Understandable & Simple**
- **Surgical Precision**
  - Trend
  - Targets (Resistance)
  - Reactions (Support)
  - Failure Point (Key Sup/Res)
- **Real Time FOREX Examples -**  
**Analytics Research Forecasts Exclusive**  
**to Dow Jones Telerate**





## AGENDA

### DERIVATION OF NONLINEARITY

- Nonlinearity at it's Simplest
  - Life at the Quantum Level
- Behavior of an Oscillating Body When Forces Applied
- Hans Kashyap's Nonlinear Tools
- Only Ways Tops & Bottoms are Made
- Up & Down Nonlinear Movements



## AGENDA

### SIMPLE BOUNDED SOLUTION OF ANY SIMPLE NONLINEAR MOVEMENT

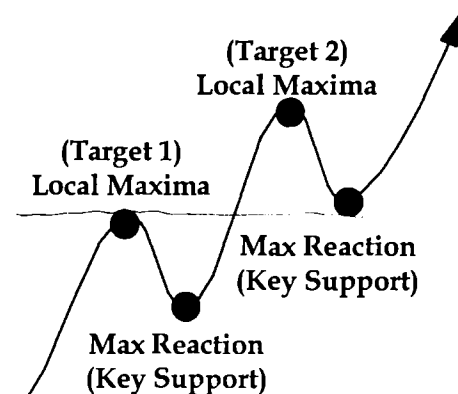
Physics + Math = Deterministic Flow & Trend Identification

Bounded Solution - Failure Point Well Defined - When Trend is Breaking Off

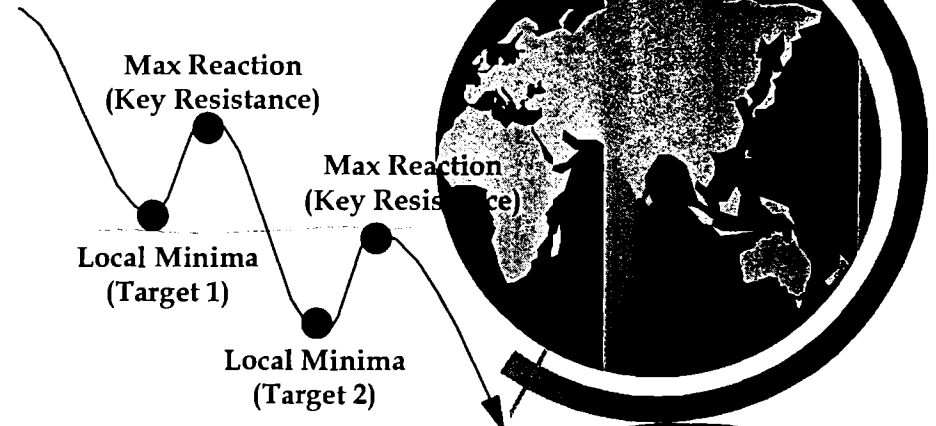
Support & Resistance Infrastructure - Does Not Change Over Time

- Support Becomes Resistance
- Resistance Becomes Support
- Market Oscillates Around These Predefined Points

#### UP MOVEMENT

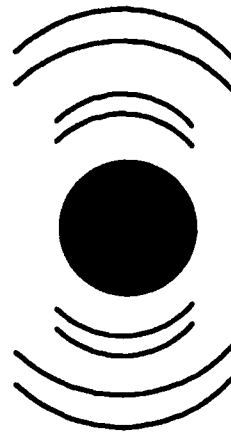


#### DOWN MOVEMENT



## **DERIVATION OF NONLINEARITY**

- **Life at the Quantum Level: Oscillation, Vibration, Yin - Yang**



- **Simplest Basis: Movement in One Direction,  
Then Movement in Other Direction**



**DERIVATION OF NONLINEARITY:**

**Simplest Definition: Movement in one Direction,  
then Movement in Opposite Direction**

**Stationary**

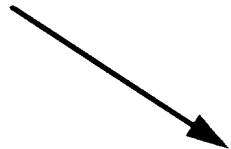
**Linear**



**Upward  
Force**



**Downward  
Force**



**Hans Kashyap's  
Non-Linear  
Tools**



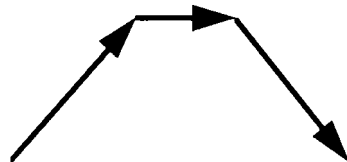
## HOW ALL TOPS & BOTTOMS MUST FORM

### Linear

TOP 1:



TOP 2:



### Hans Kashyap's Non-Linear Tools

NLTOP 1:



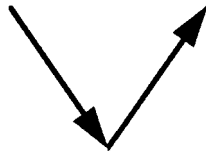
NLTOP 2:



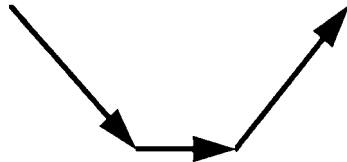
## HOW ALL TOPS & BOTTOMS MUST FORM

### Linear

**BOTTOM 1:**



**BOTTOM 2:**



### Hans Kashyap's Non-Linear Tools

**NLBOTTOM 1:**



**NLBOTTOM 2:**



This is why technicians see & label patterns such as Double Tops, Double Bottoms, Head & Shoulders, Top & Bottoms, Spike Highs & Lows, etc..

# NONLINEAR UP MOVEMENTS & DOWN MOVEMENTS

## COMPLEX UP MOVEMENT

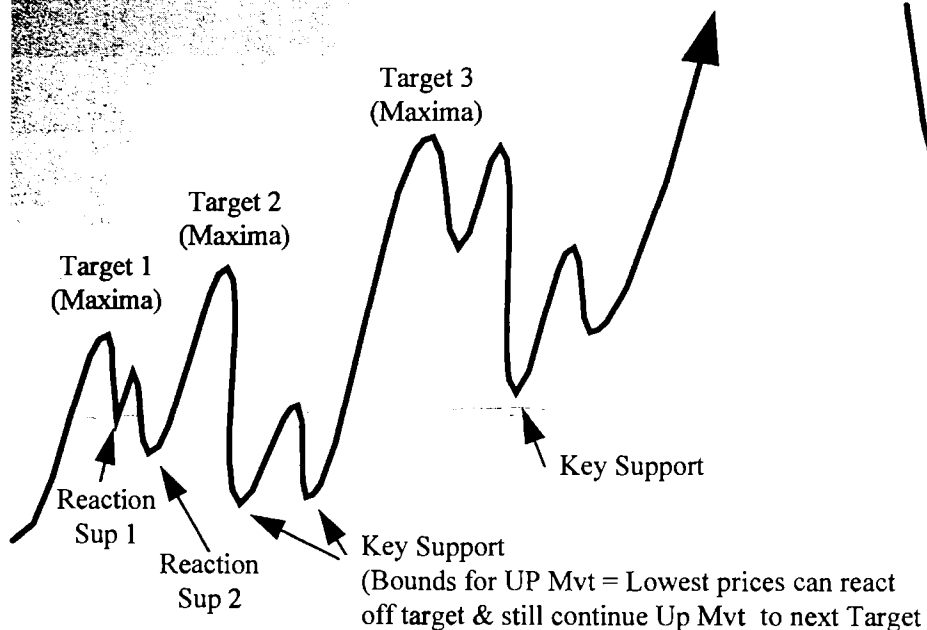


## COMPLEX DOWN MOVEMENT

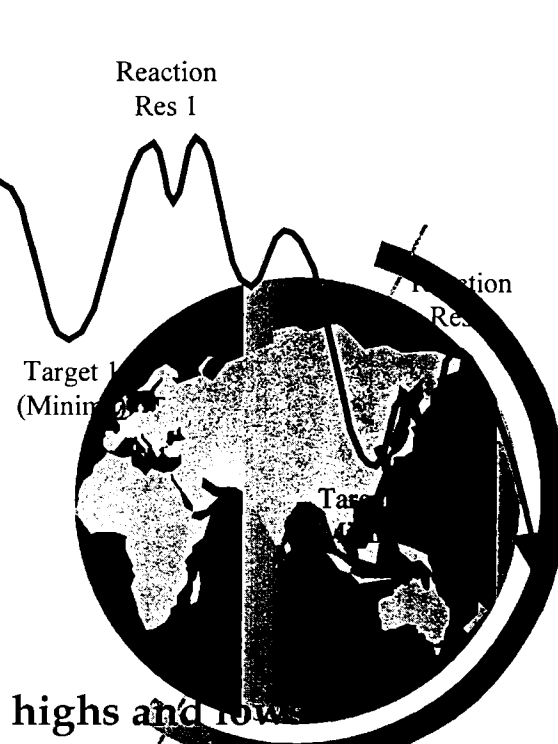


## NONLINEAR UP MOVEMENTS & DOWN MOVEMENTS

### COMPLEX UP MOVEMENT



### COMPLEX DOWN MOVEMENT



Fortunately, all you need are the predefined highs and lows  
Support and Resistance levels we give ahead of time on Dow Jones 1440.



## **Real Time Examples: FOREX Yen**

### **Long Term Down Movement:**

**Next Downside Target 81.31**

**Then 80.04 stiff**

**Resistance up from 81.31 will be:**

**82.38 minor**

**83.45**

**84.35 strong**

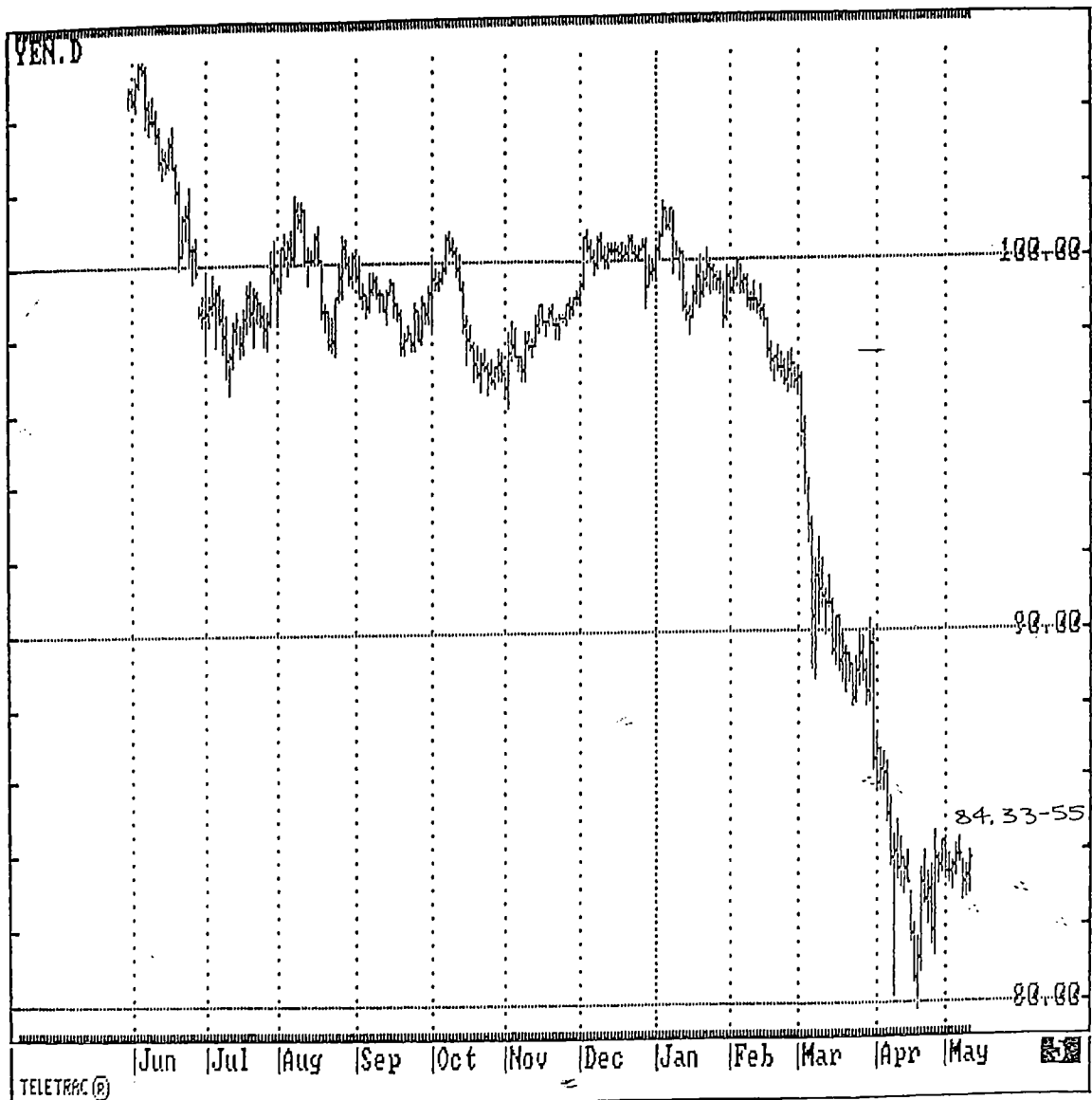
**85.77**

**86.87**

**87.58 strong**

**89.14 Key Resistance and the buy**





leTrac Version 2.5M

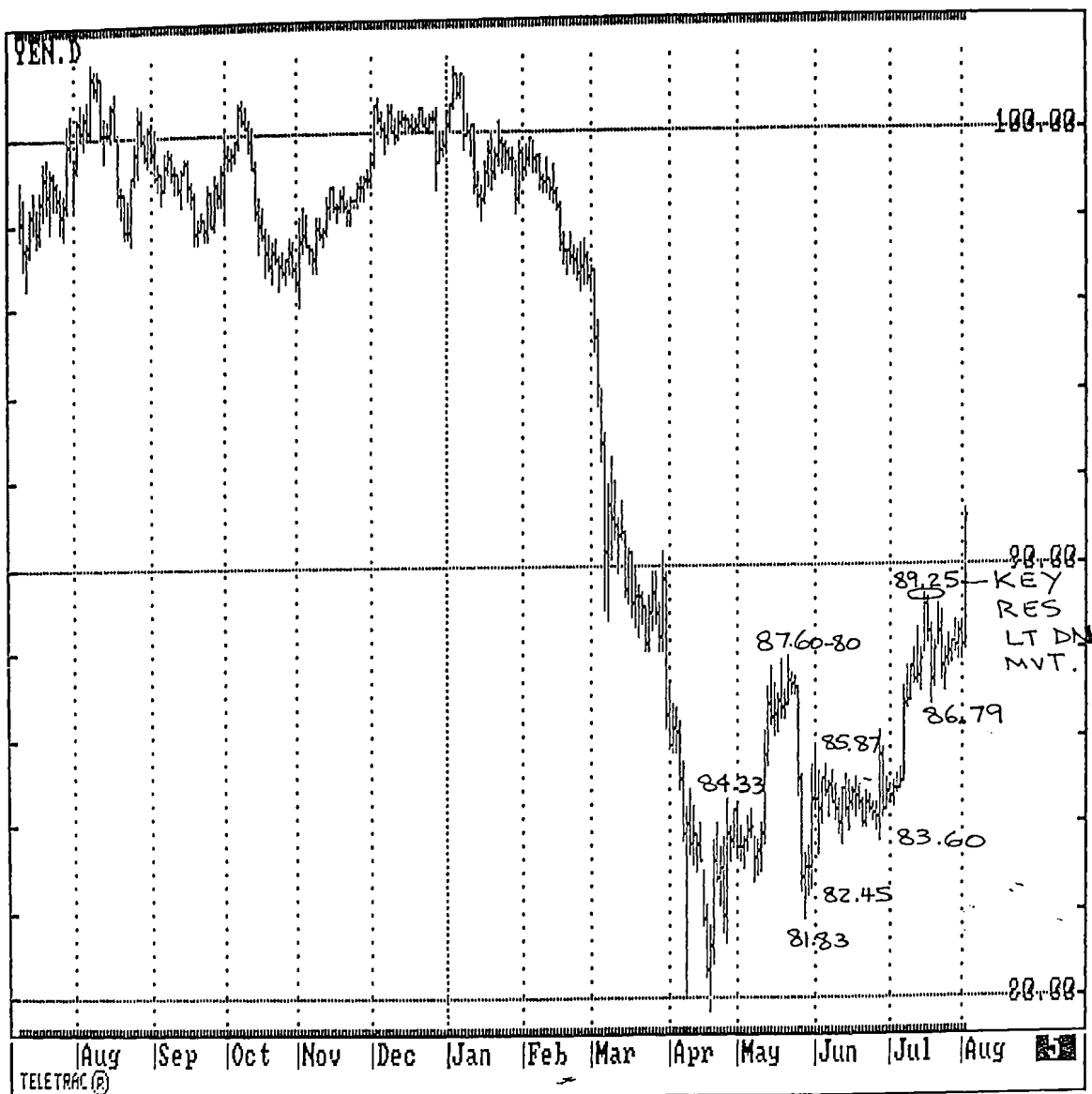
7 Nov 95 10:32



## **Real Time Examples: FOREX Yen**

- Up from the 80.04 target, note market made high at our 84.35 “Strong” Resistance predefined.
- Larger rebound up stopped at our next Strong Resistance - 87.58.
- Reaction down from 87.58 Resistance held at the 82.38 level, not making it back to 81.31 or 80.04. Note how previous Resistance levels now act as Support predefined.
- Next rally stopped at our 85.77 level.
- Reaction down from it held at our 83.45 level.
- Key Resistance of LT down movement tested - 89.14, actual 89.25. Note reaction down from it held at the movement’s 86.87 level.





Trac Version 2.5M

7 Nov 95 10:34



## **Real Time Examples: FOREX Yen**

- **Market will oscillate within this predefined price infrastructure of our movements.**
- **Once a Resistance/Support level is seen, the next significant price to look at is 2 or 3 steps away in the infrastructure, not the closest neighboring one.**
- **Once KEY is taken out or exceeded by 30-40 pips, that indicates termination of the movement and a change in trend is at hand at that timeframe - in no uncertain terms!**
- **Before Key Resistance or Support of a larger movement is taken out, the smaller ST movements will have already changed. Here on FOREX Yen, the ST movement changed to UP at 84.35 and the 81.83 was Key Support ! which held this ST UP movement, carried the market all the way to 104.**



## Real Time Examples: FOREX Yen

### Long Term Up Movement:

- Once Key Resistance of LT down movement is taken out, a change in trend to sideways to up with a new long term up movement:

Target on long term up movement:

98.80, then  
103.70, then  
105.28.

Support down from 103.70 will be:

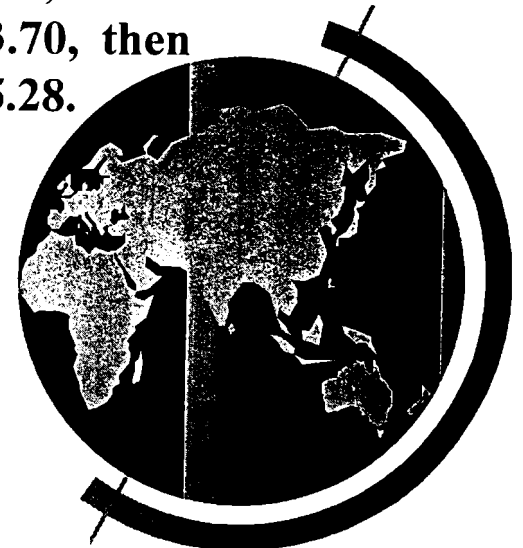
102.12 minor

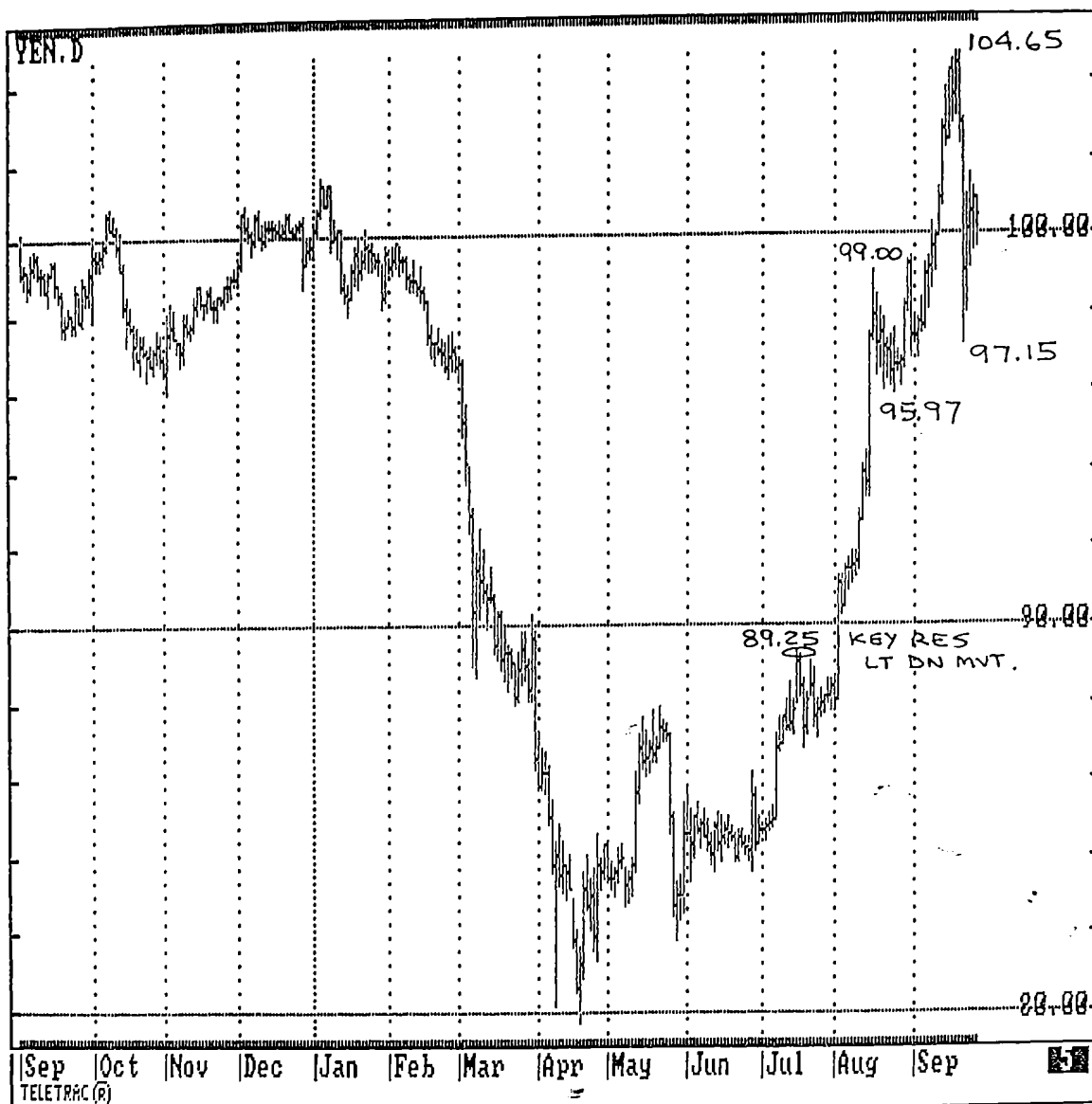
100.73

99.34

98.40 strong

97.14





leTrac Version 2.5M

7 Nov 95 10:35



## **Real Time Examples:    FOREX Swiss**

- **Short term movements can be used for intraday and short term trading. Short Term movement in Swiss:**

**Next target            1.1268, then**  
**1.1209 stiff (expect bounce up)**

**Resistance up from 1.1209 will be:**

**1.1313**

**1.1359**

**1.1390 strong**

**1.1452**

**1.1529**

**1.1575 bounds -- Bounds means to expect the**  
**market to oscillate, or bounce**  
**between these levels.**

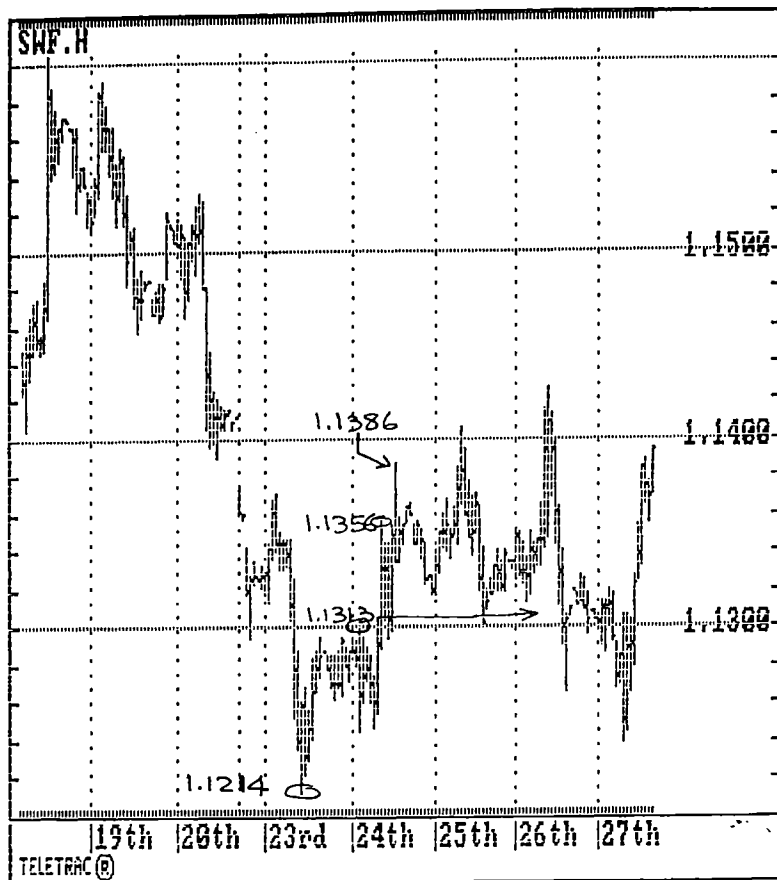
**Higher resistance is:**

**1.1658 strong**

**1.1776 key resistance & bounds**







eTrac Version 2.5M

8 Nov 95 07:54



## **Real Time Examples: FOREX Swiss**

- Note exact intraday low at our 1.1209 target, actual 1.1214 (!)
- Note initial rebound held in by our first resistance at 1.1313, actual 1.1300.
- Next higher rebound made intraday highs and gave bounces exactly off of our 1.1359, then 1.1390 “strong” resistance

1) Actual 1.1356 (!)  
Our predefined res 1.1359

for a bounce back down to 1.1390 at our  
1.1313 level now acting as support (!)

2) Actual 1.1386 (!)  
Our predefined res 1.1390

for a bounce back down again to our  
1.1313 level (!) still acting as support



## **Guidelines for Incorporating our Forecasts:**

- **If movement is down (i.e., trend is down),**
  - **Better to short against our “strong” or “key” resistance playing the short side (though all of our predefined levels can be considered)**
  - **More aggressive traders can go long at a stiff target - at what should become a low.**
- **If movement is up (i.e., trend is up)**
  - **Better to go long at one of our “strong” or “key” support levels - though all of our predefined levels can be considered.**
  - **More aggressive is to go short at a stiff target.**
- **We’ve found that most of all significant highs and lows occur from predefined price points.**
- **Look for our Nonlinear tools tops and bottoms to form at our price**



## **Benefits of Looking at Analytics Research's Nonlinear Forecasts**

---

- **Simple and Unambiguous** - you know what the trend is by the movement - up or down
- **Tight risk controls possible** - with our predefined price levels calling the turns with surgical precision, it is possible to enter size with 40-45 pip stops
- **Have an idea of how far market is going** -- targets
- **Recognition whether current reaction is normal in trend or beginning of change in trend** - did it exceed old first bound, then did it exceed key?
- **How and where to enter midstream with Risk Control**
- **Useful as an additional tool in the short-term trading tool**





ANALYTICS RESEARCH CORPORATION

**Analytics Research Corporation**  
**Leaders in Nonlinear Forecasting**  
**Surgical Precision<sup>©</sup>**

**ANALYTICS RESEARCH CORPORATION'S  
EXCLUSIVE NONLINEAR FORECASTS  
AVAILABLE ON DOW JONES TELERATE**

<b>FOREX</b>	<b>TELERATE PAGES</b>
<b>YEN</b>	<b>57786</b>
<b>SWISS</b>	<b>57789</b>
<b>MARK</b>	<b>57792</b>
<b>30 YEAR CASH BONDS</b>	<b>57781</b>
<b>CBOT BOND FUTURES</b>	<b>57783</b>



**YOU ARE INVITED TO EXPERIENCE THEM  
FOR YOURSELF REAL TIME!**



ANALYTICS RESEARCH CORPORATION

**Analytics Research Corporation**  
**Leaders in Nonlinear Forecasting**  
**Surgical Precision<sup>©</sup>**

**For information regarding our  
forecasts, or for a free demo on  
Dow Jones Telerate, contact:**

**Claudia J. LaCovey**  
**Analytics Research Corporation**  
**6917 Arlington Road, Suite 215**  
**Bethesda, MD 20814**  
**Phone: 301-986-4699**  
**Fax: 301-986-8048**





ANALYTICS RESEARCH CORPORATION

## INFORMATION ABOUT OUR OTHER SERVICES

## **IMAGINE HAVING YOUR OWN PRIVATE MARKET EXPERT WITH YOU ALL DAY!**

You are a very important person. You're too busy to watch the markets all day. You don't have time to catch every email, fax, or phone call that comes in. Other people depend on you, but who do you depend on for the best market info? Especially when the markets are moving.

Because you love to trade, you say out loud, "Boy, wouldn't it be great if someone could monitor the markets for me, page me with specific trades — entry price, stop price, and target price; and monitor the trade to its completion. And, if something funny starts happening, page me to get out! Boy, wouldn't that be great!"

*Well, your wish is about to come true. Introducing—*

### **Hans Kashyap's Platinum Paging Service**

Pit traders, fund managers, financial advisors, full time and part time traders alike know Hans Kashyap and his incredible calls over the years, the surgically precise nature of his recommendations, and trust him for his daily comments and market numbers to trade off of. The name of his game is consistency and accuracy on a daily basis for daytrading and short term swing trading. He's been on CNN, and on other networks, and is a frequent guest on Reuters Financial TV, International, that most large professional traders around the world subscribe to. His forecasts for the markets are carried by Dow Jones Telerate (now Bridge Telerate) and by Reuters. In short, he has a ton of credibility regarding the analysis of the markets.

#### **Have Hans By Your Side All Day!**

Now, you can get real-time trade recommendations in a timely fashion via Hans Kashyap's Platinum Paging Service! All you need is an alphanumeric pager, and just like you wished for, you get alerted to opportunities in any market that is active that day for daytrades or swing trades. Here's a sample from a recent day (September 16, 1998): BEEP! "Long USZ8 (Dec Bonds) @ 127.16, stop 127.07, target 127.29" BEEP! "Long HGZ8 (Dec Copper) @ 7550, stop 7340" BEEP! "Long SPZ8 (Dec S&P) @ 1046, stop 1043.90" BEEP! "SPZ8 to 1049, Raise stops to 1044.90" BEEP! "Beauty! SPZ8 to 1050.50, Nab profits 1050+ for +400 pts, then pull stops" BEEP! "USZ8 hitting 127.29, nab profits @ market" BEEP! "HGZ8-Exit MOC or hold for Swing Trade".

There is risk involved in all futures trading, and not all trades are winners. People can and do lose money. However, imagine having your own team of analysts scanning the markets and following up every trade, AND being there for you for real time consultation if you so desire on any positions you may have. Yes, real time consultation on any market comes free with Hans Kashyap's Platinum Paging Service! The service is perfect for doctors, engineers, corporate executives, and others who understand the risks and rewards of futures trading where timing is everything!



# Hans Kashyap's Platinum Paging Service

*Here are comments from a busy eye surgeon who is also a Platinum Paging Client:*

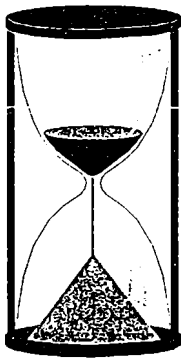
*"In the 4-5 months that I've been receiving your information, it's been amazingly accurate—it's almost surgically precise! Just like I am in my practice!"*

Dr. Leon Claude LaHaye, MD, Eye Surgeon

If you are a client in good standing to one of our nightly reports, then you can move up to the Platinum Level. The cost of Hans Kashyap's Platinum Paging Service is only \$65 per day for all markets except the S&P, and \$65 per day for the S&P. This is less than the cost of most full service commissions, and you get world class market expertise to boot!

**When the Markets Move----You Move with the Markets!**  
**Kashyap's Platinum Paging Service**

**Do YOU Have Hans By YOUR Side?**



Maybe its time you did.

For more information about this new service, call Claudia at 301-986-4699  
or email us at [arc@arforecasts.com](mailto:arc@arforecasts.com).  
Also, please check out our website  
[www.arforecasts.com](http://www.arforecasts.com)

HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN INHERENT LIMITATIONS UNLIKE AN ACTUAL PERFORMANCE RECORD. SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING. ALSO SINCE ALL TRADES SHOWN HAVE NOT ACTUALLY BEEN EXECUTED, THE RESULTS MAY HAVE BEEN UNDER OR OVERCOMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS, IN GENERAL, ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL, OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN.

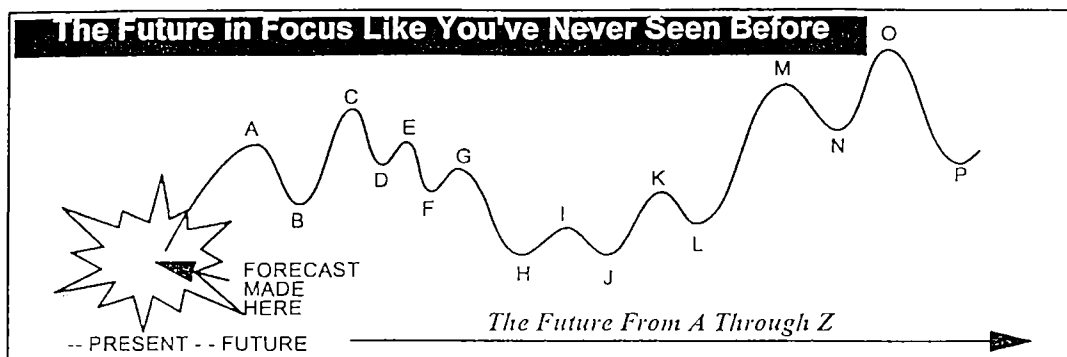
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ANALYTICS RESEARCH CORPORATION

## ***Analytics Research Daily Reports***

www.arforecasts.com

***Trade the Markets with Surgical Precision***



### ***S&P Premium & Bond Premium Reports***

The S&P Premium and Bond Premium Reports from ANALYTICS RESEARCH CORPORATION are daily forecast with the added value of 6-12 intraday updates per day, all via fax. A must for the active daytrader. Based on Nonlinear Pure Price Action. Hans Kashyap, President of Analytics Research, provides you with real-time up-to-the-minute analysis, and many more trading recommendations, throughout the trading day. These services guide intraday trading for these markets to a degree not usually though possible.

The initial forecast which comes out the night before, defines the most likely nonlinear flow the market should take, for the next few series of swings, along with specific price targets and related reaction levels for each swing, all ahead of time. You also receive a short-term and a long-term overview with position trading recommendations, along with their appropriate stops and exits.

Then, once trading begins, and frequently before the market opens, real-time updates with precise daytrading entry levels, both long and short, with stops, some as low as 120 points for the S&P and 4 ticks for the bonds. Also given is a description of the expected intraday flow for the next hour or two. Flash updates as necessary.

The S&P service costs \$1,000 per month for the nightly fax, (that's just \$50 per day), intraday updates, and trading guidelines. \$1,150 for Canada, \$1,250 for international. The Bond service costs \$500 per month, \$600 for Canada, \$750 for international.

***Excellence in Forecasting for the Professional Trader Since 1989***

***Hans Kashyap, Chief Forecaster***

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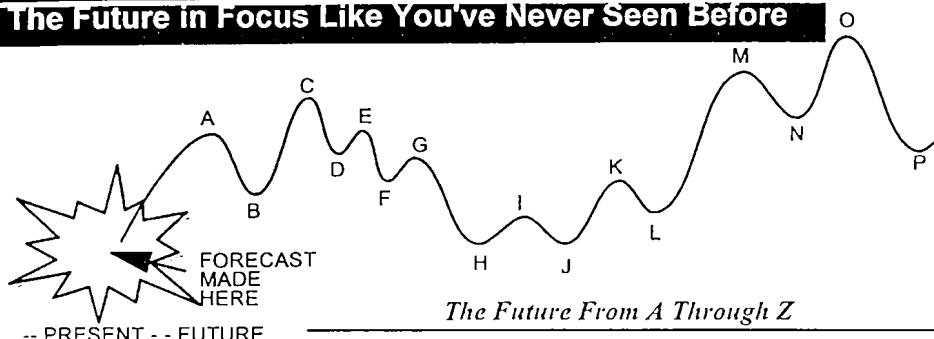
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See other side

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*You can subscribe to any or all of the following reports and know the high probability FLOW of the market before hand -- including the turning points on a Short-Term and Daily basis.\**

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#### **Mathematical Breakthrough in Forecasting**

These forecasts define the most likely flow or path the market should take, not just for the next swing, but for the next two to ten series of swings after that, along with specific price targets and related reaction targets for each swing, all ahead of time, now.

#### **Accurate Non-Linear Forecasts**

- Our specialty is forecasting the Immediate and Intermediate movement
- For the professional trader and Investment manager
- For daytraders and short-term and longer-term traders
- Limit your risk exposure in the markets.

**Position Trading Report** -- Covers all markets. You won't need to monitor trades. You don't need a computer or a real-time data feed. The Position Trading Report will give you exact entry and exit points, along with a complete set of trading guidelines. Just enter the trade with your broker exactly as given in the fax.

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## THIS IS HOW THE MARKET MOVES

*by Hans Kashyap*

This is how the market moves. It is non-linear in movement, that is, it moves in a zig-zag fashion—what that means is no movement in the market will go from point A to point B in a straight line. This is important to understand. No movement will go straight up or down—there will be countertrend movements against the main trend.

At any time in any market, there are usually many movements, both UP and DOWN, going on AT THE SAME TIME, of differing size. All of these are beautifully nested within each other. We provide the Main and Immediate Movements that the market is under. These Movements as we call them are NOT related to Elliott Wave, Gann, Fibonacci or anything else you may have heard about or studied, but underlies them all. Since the nature of the markets is non-linear, for each Movement, whether it is UP or DOWN, we provide what direction the Movement is in, what the next target should be, what the current support and bounded solution is (that means how low can we go and still come back to see the target), ONCE we see that target hit, what the future reaction support levels will be, and then, we can even tell you what the next target after that should be, all in the right now, in the present, in the same non-linear, zig-zag, bounded time-price movement.

This Theory uncovers the real invisible infrastructure every market follows, with more precision and frequency than any other technical system.

## UNDERSTAND THE BASIS OF ALL TECHNICAL ANALYSIS

Learn more about Hans Kashyap's theories about the markets and how Nonlinearity can be made simple and easy to understand, AND use in the markets. The BEST introduction to our approach. Simple yet powerful. The Kashyap Intro Package, available for \$295 plus shipping/handling includes:

- Video of Hans Kashyap taken live by Dow Jones Telerate at the Dow Jones sponsored "Markets in Motion" seminar and a hard copy of the presentation.
- Specific examples of our predetermined Movements, the accuracy of our forecasts, how you can use it.
- The Signature Event Theory paper which encourages a logical, common sense view of looking at noncausal forecasting from a unique angle.
- Specific Trading Examples — Show how nonlinearity is manifested in the markets, how to use and trade it with Hans Kashyap's Movements.

## ANALYTICS RESEARCH CORPORATION

*Daily Reports provide:*

- Specific Forecasts and Technical Discussion of what to expect Each Trading Day
- Precise Intraday Price Movements (non-linear)—Targets, What Future Support and Resistance levels are and WILL be once the Targets are hit, What the Next Targets are, and What will Change the Trend
- Precise Short Term and Longer Term Price Movements (non-linear)
- Specific Recommendations for Daytrades and Position Trades with Precise Price Points and Stops ranging between \$250-\$300 for the Bonds and Commodity Futures.

## SURGICAL PRECISION

Analytics Research Corporation has brought rocket science and non-linear mathematics to the markets. Its principal, Hans Kashyap, has done ground-breaking research in the area of non-causal forecasting, using non-linear mathematics to forecast and PREDEFINE the local maxima and minima expected for any time-series data stream, including equities, fixed income, currencies and futures, with stunning accuracy. This new concept, called Signature Event Theory was presented to the academic world in the International Conference on Modeling and Simulation.

Mr. Kashyap is a frequent guest commentator on CNN. He has been quoted in FORTUNE, Investor's Business Daily, The New York Times, The Los Angeles Times, and Reuters International News Service. He has appeared on CNN, DJIN (Dow Jones Investors Network TV), RFTV (Reuters Financial TV), Business Radio Network, Financial News Network, local TV shows and local radio.

## ***Excellence in Forecasting Since 1989***

Hans Kashyap's advice is sought after by banks, institutions, fund managers, FOREX traders, and some of the largest FCM's in the industry.

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## UNDERSTAND THE BASIS OF ALL TECHNICAL ANALYSIS

### *Nonlinearity Made Easy – "The Kashyap Method"*

Learn more about Hans Kashyap's theories about the markets and how Nonlinearity can be made simple and easy to understand, AND use in the markets. A supplement to our forecasts and a must for those wishing to use our reports to the max and to truly understand how the markets move.

You've seen the uncanny accuracy of his forecasts on a daily basis, and these materials shed some light on the Conceptual Underpinnings of his approach to the markets. In fact, his nonlinear approach and the derivation is simple yet compelling, and if you follow closely, you'll find the REAL derivation of almost all of conventional technical analysis, and this approach shows you exactly why things MUST work this way.

The Kashyap Package includes the following for \$295 plus \$10.00 shipping (US):

- The Video is of Mr. Kashyap taken LIVE by Dow Jones Telerate--Mr. Kashyap was invited to speak at the Dow Jones Sponsored "Markets In Motion" seminar, and is the best introduction to our approach, and it gives specific examples of our Movements, and how much information is there in the forecasts, PREDETERMINED, how accurate it has been, in ANY TIMEFRAME, and how you can use it.
- There is a hard copy of the presentation that you can mark up as you're watching the Video.
- The Signature Event Theory paper presented by Mr. Kashyap also presents a milestone in New Thinking about forecasting. In fact, all concepts discussed in both the Video and Paper are equally applicable to the markets AND ANY OTHER THEME IN LIFE. The Signature Event Theory paper encourages a logical, common sense view of looking at non-causal forecasting, from a unique angle, with provocative and mind inspiring examples.

**If given the KEY to MASTERING THE MARKETS....**  
**.....Would you use it?**

Glenn P., of Chicago, an experienced S&P trader and subscriber to our S&P Report, has this to say after viewing the video: ***"It really opened my eyes! Until I really saw the video, I was not using the reports properly. It was very, very helpful in understanding how to use Hans' numbers properly. Now, I am using the report properly and to the fullest. Uncanny! Unbelievable."***

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## ANALYTICS RESEARCH CORPORATION

*Never Before Offered!*

### Read the Markets Like the Back of Your Hand Personal Two-Day Seminar with Hans Kashyap

**Read Markets at a Glance.** Learn to read the markets at a glance, knowing the next move the market is likely to take from its current position, how and where to enter with the trend, where the failure points are, how far the next swing is likely to take the market, and where to place stops. All without any studies, oscillators, moving averages! By just looking at price action the way Hans Kashyap views it.

**Simple and Unique Concepts.** Hans Kashyap shares his unique and powerful concepts with you with the emphasis on simplicity. Simplicity not complexity is what makes the difference for success in trading, in the heat of battle. And especially in daytrading. It will change the way you look at the markets forever.

You will learn Hans Kashyap's original concepts and how to apply them--Signature Event Theory, Nonlinearity Made Easy, Price Draft Theory, Red Zone Theory, Time Segmentation. Some of these concepts are so powerful, they work in any field of life. One underlying Concept actually explains why prices behave the way they do, and why they **MUST** act in a pre-determined way, not random at all. You'll receive personal instruction by Hans on all these concepts, in either a one-to-one setting or in no more than a three-to-one setting. Ask all the questions you want. It's meant to be a hands-on seminar with the entire focus on helping you analyze and successfully trade the markets with controlled risk.

**See Them Work in Real-Time Action.** Best of all, it's not going to be just theory, you'll apply these techniques you'll have learned the day before, in Real-Time on the S&P with Hans right there by your side, clarifying and pinpointing things.

**When and Where.** The Two Day Personal Seminar is conducted on a Sunday and Monday, on dates mutually agreed upon, in our offices in the Washington DC area. On Sunday, you'll learn the concepts and on Monday you'll apply them real-time!

**Prerequisites:** Main and most important one--**An Open Mind.** Frequently we find that those with little or no exposure to the markets absorb our concepts readily, while those who have fixed ideas of how markets work and have some conventional background about the markets fail to fully take advantage of the concepts. So, if you're already a seasoned trader, with fixed opinions about the markets, we would request that you temporarily but genuinely "empty your cup" before taking this Personal Seminar.

Second, would be very helpful if you were already acquainted with the **Hans Kashyap's Signature Event Theory and Nonlinearity Made Easy**. This Personal Seminar further builds upon the material presented there.

(The concepts and methodology shared with you in this package — Hans Kashyap's Signature Event Theory and Nonlinearity Made Easy" are extremely powerful, yet simple to understand. It is the stepping stone to our Two-Day Personal Seminar, and if you wish to upgrade to the Personal Seminar, we are offering a full rebate which will be credited to the full price of the seminar.)

**GOALS:** To Read the Market Like the Back of One's Hand, in any Timeframe.

- Determine Trend
- Forecast Targets and Reactions
- Know Where to Buy/Sell for Entry into Market
- Know Where to Place Stops and Know what the Failure Points are
- Know When the Market is Doing Something Out of Character—Changing Trend

#### **Personal Seminar Agenda:**

**Day 1--Sunday      9:00 AM— 5:00 PM**

Get ready to learn the exciting concepts that will allow you to achieve the GOALS listed above. You'll learn:

- Hans Kashyap's Signature Event Theory
- Hans Kashyap's Nonlinearity Made Easy Concepts
- Hans Kashyap's Price Draft Theory
- Hans Kashayp's Red Zone Theory
- Time Segmentation and How to Fold in Multiple Timeframes
- Why Every Market Must Make all Tops and Bottoms in One of Two Ways
- What Every Market Must Do to Change Trend and How to Anticipate It

All this information is tied together with the GOALS in mind, and Simplicity in mind. The less things you have to consider while trading the better. Most important are — which way is the trend, is it continuing, and where are the failure points. And we believe these concepts give you a handle on it like nothing else, all directly by looking at Pure Price Action. No oscillator, studies, or moving averages needed.

Hans shares these exciting concepts with you on Day 1, with examples from real market action, and gives you personal training on how to see the markets as he sees them, using nothing more than the market's own price behavior. When you see the concepts working, it will inspire confidence in your own trading to a level never before thought possible. You'll learn how to enter with the trend midstream, to trade with the trend and fight the tendency to go countertrend, and learn to recognize what has to happen in order for the trend to change, and to anticipate it. How to comfortably fold in multiple timeframes.



Ask Hans all the questions you want on how to apply these concepts. And then prepare for Real-Time market analysis the next day, use what you've just learned as the S&P trades real-time.

**Day 2—Monday      9:00 AM— 4:00 PM**

The excitement builds as you wait for the S&P to open, rechecking the analysis, folding in Globex action, see where Bonds are trading, and most importantly, where the S&P's main swing points are—failure points and targets—for the immediate session. With Hans by your side, and before you the S&P charted in multiple timeframes on our system, you apply the concepts learned the day before in real-time, as the S&P trades.

This real-time session is extremely important as it gives you experience in applying the concepts WHILE THE MARKET IS MOVING AND CHANGING. With Hans there to clarify and pinpoint set-ups and patterns, and showing in real-time, how to quickly fold in multiple timeframes, you'll master the concepts much more quickly.

Although you may want to actually trade, we find it is better to use this real-time session more so to further clarify things and solidify the application of the concepts in your mind first. That will pay larger dividends.

**Personal Seminar Location:**

In our offices in the Washington DC area.

**Personal Seminar Dates:**

Sunday and Monday of any month, on mutually agreed upon dates.

**Personal Seminar Fee:**

US \$3,000

**Method of Payment:**

VISA, MASTERCARD

**Cancellation Policy:**

No fee if canceled at least one week prior to Personal Seminar Date.

A 10% fee if canceled less than one week prior to Personal Seminar Date.

**To Sign Up, Please call our offices at 301-986-4699 and ask for Claudia**

**And Start Trading the Markets With Surgical Precision**





# ANALYTICS RESEARCH CORPORATION

## Analytics Research Corporation Products and Services

### I. Platinum Level

Hans Kashyap's Platinum Paging Service

Intraday Service: Specific recs--Entry Price, Stop Price, Exit Price

Monitoring of Trade through Completion

Mostly Daytrades, some Swing Trades

Trade Recs on any market

Prerequisites:

Alphanumeric Pager

Current AR Client of a Nightly Report

Cost:

Platinum Paging Service---S&P Only

\$65 per day

Platinum Paging Service---All other markets

\$65 per day

### II. Premium Level

S&P Premium Report provides Intraday Updates 6-12 times per day

Analysis and Recs

Nightly Overnight S&P Report Included

Bond Premium Report provides Intraday Updates 2-4 times per day

Analysis and Recs

Nightly Overnight Bond (Fixed Income) Report Included

Prerequisites:

Real-Time Charting and Quotes

Cost:

S&P Premium Report

\$1,000 per month

Bond Premium Preport

\$500 per month

### III. Nightly Reports

Daily reports sent out usually the night before for the next trading session.  
 Detailed Analysis, HK Movement Levels, and Daytrading Recs  
 Swing Trades at times

**Cost:**

**Cash Markets:**

AR FOREX Report (Cash/Spot Markets: JPY, SWF, DEM)	\$325 per month
AR 30 Year Cash Bond Report (Cash Mkt)	\$325 per month

**Futures:**

AR S&P Futures and Dow Industrials Report	\$200 per month
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AR Fixed Income (Bond Futures) Report (Bonds, Notes, Munis--futures)	\$200 per month
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AR Global Energy Report (Crude, Brent, Nat Gas, Heating Oil, & Unleaded Gas futures)	\$175 per month
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AR Currency Futures Report (Yen, Swiss, Mark, Dollar Index, Euro in 1999)	\$175 per month
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AR Commodities Report (Gold, Silver, Soybeans,etc)	\$175 per month
AR Position Trade Report (Any market)	\$500 per month

### IV. Hans Kashyap's Da- by-Day Characterization of S&P Futures--One Year in Advance

General flow of prices through different periods of time  
 Specific characterization for each day--weakness, strength, whipsaw or drifting

**Cost:**

Book	\$99 + S&H
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**V. Hans Kashyap's Signature Event Theory and Nonlinearity Made Easy**

Introduction to Hans Kashyap's unique theories  
Applicable to the markets and just about anything in life.  
Specific examples given  
Training Exam at end of manual

**Prerequisite for taking Hans Kashyap's 2-Day Personal Seminar**

**Cost:**

**Manual & Video**

**\$295.95 + S&H**

**VI. Hans Kashyap's 2-Day Personal Seminar**

Share the marvel at how a cogent, integrated framework for forecasting and trading  
is developed from the very nature of reality, using nothing more than  
Logic and Common Sense, But the Results of which are Compelling,  
Shows WHY the Markets MUST behave the way they do,  
How to Predict it, and Trade it

Class size never more than 2 people

Conducted in the AR Offices in Bethesda, MD

Conducted over Sunday and Monday (for real time analysis of price action)

**Cost:**

**Hans Kashyap's 2-Day Personal Seminar**

**\$3,000**

# ANALYTICS RESEARCH CORPORATION

Subscriber's Name \_\_\_\_\_  
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	DAILY REPORTS	MONTHLY FEES
		Please fill appropriate amount below
S&P Report	_____	_____
Fixed Income	_____	_____
1 Month U.S. - \$200.00	Canada - \$225	(Outside U.S. & Canada) -\$350.00
Currency Report	_____	_____
Commodities Futures report	_____	_____
Global Energy Futures Report	_____	_____
1 Month U.S. - \$175.00	CANADA - \$200.00	(Outside U.S. & Canada) -\$325.00
Forex Report	_____	\$325.00 (same price for any location)
30 Year Cash Bonds	_____	\$325.00 (same price for any location)
Premium Reports	[ with Intraday Updates ]	
S&P Premium Report	_____	_____
1 Month U.S. - \$1000.00	CANADA - \$1150.00	(Outside U.S. & Canada) -\$1250.00
Bond Premium Report	_____	_____
1 Month U.S. - \$500.00	CANADA - \$600.00	(Outside U.S. & Canada) -\$750.00
Position Trading Report		
1 Month U.S. - \$500.00	CANADA - \$550.00	(Outside U.S. & Canada) -\$650.00

The subscriber will begin receiving the designated report(s) effective \_\_\_\_/\_\_\_\_/\_\_\_\_, and will continue receiving the designated reports(s) on a \_\_\_\_\_ basis, unless the Subscriber gives Analytics Research Corporation 2 days written notice of termination.

Day-by-day Characterization of S&P Futures for Day Traders - One Year In Advance:

DAY BY DAY                      Quantity \_\_\_\_\_ Cost \_\_\_\_\_  
 (\$99.95 plus shipping and handling (\$10.00 S&H within U. S., \$20.00 S&H to CANADA, \$30.00 to anywhere else outside US and Canada)      Due to special nature of the material, it is non refundable.

Hans Kasyap's Signature Event Theory and Nonlinearity Made Easy

Intro Package                      Quantity \_\_\_\_\_ Cost \_\_\_\_\_  
 \$295.95 plus shipping and handling (\$10.00 S&H within U. S., \$20.00 S&H to CANADA, \$30.00 to anywhere else, outside US and Canada)      Due to special nature of this material, it is non refundable.

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